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ABSTRACT

This document is the first volume of a transcript of hearings before a U.S. House of Representatives Subcommittee of the Committee on Veterans' Affairs concerning proposed H.R. 1400--the Veterans' Educational Assistance Act of 1981. The Proposed Educational Assistance Act is an updated GI Bill, which would provide the following educational benefits: 80 percent of college tuition up to $2500 plus a $250 living allowance for 36 months for three years' military service or two years' military service plus four years in the active Reserve or National Guard; a two-for-one savings plan for educational benefits for career military personnel; an educational leave-of-absence program; and transferability of educational benefits to a spouse or children for career military personnel with 16, or in some cases 12, years of service. The benefits are structured with the goal of increasing military service enlistments of high school graduates and retention of experienced middle-level personnel. Pros and cons of H.R. 1400's provisions are discussed during the hearings by various Senators and Representatives, Defense Department representatives, and high ranking officers of the branches of military service. Their oral testimony, as well as their prepared statements, are included in the document. (KC)

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H.R. 1400—THE VETERANS' EDUCATIONAL ASSISTANCE ACT OF 1981

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

OF THE

COMMITTEE ON VETERANS' AFFAIRS HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

FIRST SESSION

MARCH 17 AND MARCH 19, 1981

Printed for the use of the Committee on Veterans' Affairs

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Vol. I

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H.R. 1400—THE VETERANS' EDUCATIONAL ASSISTANCE ACT OF 1981

TUESDAY, MARCH 17, 1981

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EDUCATION, TRAINING, AND
EMPLOYMENT, COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to adjournment, at 9:01 a.m., in room 334, Cannon House Office Building, Hon. Bob Edgar (chairman of the subcommittee) presiding.

Members present: Full Committee Chairman G. V. (Sonny) Montgomery (ex officio), Representatives Edgar, Leath, Daschle, Gramm, Sawyer, Jeffries, and Denny Smith.

OPENING STATEMENT OF CHAIRMAN EDGAR

Mr. EDGAR. The Subcommittee on Education, Training, and Employment will come to order.

Good morning, ladies and gentlemen. This is the first day of 4 days of scheduled hearings on H.R. 1400, the Veterans' Educational Assistance Act of 1981.

The bill, introduced by the chairman of the full committee, Representative G. V. (Sonny) Montgomery, of Mississippi, calls for a new GI bill education and training program for the All-Volunteer Force. However, I would like to state at the outset that the purpose of the hearing today and subsequent hearings on March 19, 24, and 25 will be to also review the entire nature of the benefit of the GI bill, both historically and within the context of the present needs of the All-Volunteer Force.

Among the 50 witnesses who will be testifying over these 4 days are leading experts from the military, from reserve and active duty associations, veterans organizations, representatives from the education community, and leading experts in the field of recruitment and retention within the Armed Forces.

We will also be hearing from several Members of Congress who will present outlines of similar GI bill proposals which they have also introduced.

It is a pleasure to welcome Chairman Montgomery this morning, who will be our first witness. Our colleague from the other body, Senator Armstrong, is also with us today to present an outline of his bill, S. 25.

There will be a great deal of information to digest during these 4 days. However, there is no doubt in my mind that a new GI bill is both needed and almost mandatory as part of an overall benefits package designed to enhance recruitment and retention within the All-Volunteer Force.

[illegible] also no doubt in my mind that, drawing on the early [illegible] Vietnam era GI bill and the unsatisfactory nature of the current Veterans Education Assistance Program (VEAP), we have a long way to go to reestablish both the quality and the value of traditional veterans education assistance.

I believe this is not a time to start switching signals. The All-Volunteer Force needs a sound, stable program now to provide the continuity for long-term recruiting and retention within the military service.

I believe our bill, H.R. 1400, is designed to accomplish those goals. If approved, the concept could very well be a final and last ditch effort to provide the incentive to strengthen the quality and quantity of personnel within the All-Volunteer military and forestall an all-out return to the draft. In doing so, I feel it will not be necessary to break the bank at the same time.

The bill is designed to provide education assistance to accomplish three basic goals: Readjustment assistance, recruitment incentive, and retention capability.

Apart from merely providing or giving away benefits to a certain segment of the American population, a new GI bill requires significant service to the United States in return for receiving that benefit.

I believe there is great potential here for providing a vehicle to improve both the quality of recruits through an education incentive, and the overall quality and image of military service within this country.

Our objective is to maintain military service through an instrument of individual choice rather than by conscription. There is certainly strong support for this proposal, as we will hear in the course of these hearings, both within the Government and in the private sector.

Even last August, in a major address before the American Legion National Convention in Boston, then candidate Reagan spoke out strongly in support for an All-Volunteer concept and for restoration of the new GI bill, using these words:

> We must provide the resources to attract and retain superior people in each of the services. We should take steps immediately to restore the GI bill, one of the most effective, equitable and socially important programs ever devised. In short, our country must provide these persons and their families with a quality of life that is equivalent to the sacrifices they make on our behalf.

I feel that statement sums up the purpose of the hearings we are about to begin, as well as the intent and design of H.R. 1400, the primary bill before us today.

I want to welcome you again, and I am especially honored to welcome our colleague and distinguished chairman, G. V. (Sonny) Montgomery, to be the first witness before these 4 days of hearings here in Washington.

I might say, Mr. Chairman, before you begin, that we do also hope to have 2 days of field hearings where we will have an opportunity to talk to some of the people within the service who will benefit the most by this legislation.

I welcome you today, and I just simply invite you to proceed.

STATEMENT OF HON. G. V. (SONNY) MONTGOMERY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. MONTGOMERY. Thank you, Mr. Chairman. I would like to submit my whole statement for the record, and try to summarize what I have to say this morning.

Mr. EDGAR. Without objection, your statement will be considered as read and part of the record of today.[1]

Mr. MONTGOMERY. Mr. Chairman, I certainly want to thank you and the other members of this subcommittee for having these hearings, and especially for going out in the field.

I think you've planned to go to Fort Benning and one other military installation, to actually talk to the commanders and the sergeants pertaining to this type of legislation. I want to commend you for that action.

Mr. Chairman, I appreciate being the lead-off witness on H.R. 1400, a bill that I introduced early in the year, along with Mr. Hammerschmidt, the ranking minority member of this committee, Mr. White and Mrs. Holt of the House Armed Services Committee, and also several other Members of the House.

This bill was introduced after extensive discussion with the military services and the Veterans' Administration. In addition, the bill was drafted in close cooperation and coordination with certain members of the staff of the House Armed Services Committee.

I note that, as you said earlier, that Senator Bill Armstrong will testify this morning pertaining to the bill he has introduced, and also Senator John Warner of Virginia will testify on March 19.

Also, there are other Members who have introduced the types of bills that we are talking about today, in both bodies, and I commend you for taking a look at the different parts of the legislation that we recommended.

Mr. Chairman, I'm probably known as the leading advocate for reinstating the draft, in the House of Representatives. I happen to believe that the draft is the real solution to the recruitment and retention problems affecting our armed services today. However, I recognize the current sentiment in the Congress and the President's view that he does not favor reinstatement of the draft, so we must look at an alternate way to cope with existing problems.

I really believe that the enactment of H.R. 1400 will enhance the quality of personnel coming into our armed forces. In addition, I believe it contains incentives that will allow many members, who would otherwise be leaving the service, to remain in the service and complete their careers in the military.

I would like to thank General Meyer, Chief of Staff of the Army, for being here today and testifying, and also the other military experts that we have here this morning.

I appreciate very much their coming over and talking about this bill, but I would like to quote what General Meyer voluntarily told the House Armed Services Committee about his strong support for the GI education bill during the All-Volunteer service time, and this testimony was made last year before the other committee on which I serve, and even though the Office of Management and

[1] See p. 6.

Budget, under the prior administration, did not support a GI education bill. I quote General Meyer.

> I believe we need a new comprehensive soldiers' education benefits package. We need it to restore the attractiveness of Army educational opportunities. We need it to provide high school graduates with a strong incentive to enlist. We need it to retain career soldiers, such as the middle manager and noncommissioned officers who train and lead the force. We need it to provide qualified personnel to man and maintain the new equipment and systems of the 1980's. We need it to provide a credible package of post-service educational benefits which will meet individual educational aspirations.

Now, that's the end of the quote from General Meyer, but also according to General Meyer—and I think I'm quoting him right—those persons entering the service prior to January 1, 1977, General Meyer said the military's No. 1 incentive in attracting qualified people to the Army was the GI bill that was done away with after January 1, 1977.

He said that the contributory program in effect today is not very effective, and that it now ranks No. 32 out of 37 on a priority list of incentives for enlistment purposes. In other words, the VEAP, the educational programs we have today for the military are not very attractive.

During recent hearings on recruiting before the House Armed Services Committee, General Thurman, Commander of the U.S. Army Recruiting Command, suggested that several things be done in order to recruit more highly qualified and motivated young men and women from all walks of life.

The two objectives he seeks to achieve are: One, the restoration of respect for service in the Armed Forces; and two, the support of an education incentive with an Army differential.

In addition, in answering a specific question, General Thurman expressed concern about the confusion that currently exists from having too many different pilot education programs.

The House Armed Services Committee added an education test program for 1 year, the Senate added an education test program for the military for 1 year, plus we already have two programs going.

General Thurman told us that the recruiters are confused, they don't know which is the best program, and that we need to get one type of education program on the line.

Military commanders overseas and noncommissioned officers overseas, time and time again, have indicated that an educational bill would do more than anything to attract qualified personnel, and to retain key noncommissioned officers in all branches of military service.

It is for these reasons, Mr. Chairman, that I introduced H.R. 1400, and strongly urge this subcommittee to favorably consider it during this session of Congress.

Let me briefly explain what the bill does. The bill would allow a person with a high school graduate diploma to come on active duty and, for each month of good service, there would be $250 of educational benefits, up to 36 months. This would be paid by the Veterans' Administration. The program would be administered by the Veterans' Administration—36 months of service, high school graduate, $250 a month in educational benefits.

And, also, we've got to consider, Mr. Chairman—this is very important—that the selected Reserve forces and the National Guard, which is part of the selected Reserve forces, are a part of the total force that we have in this country, and well over 40 to 45 percent of the missions in Europe would be performed by selected Reserve forces so, therefore, they would have to be considered in any type of GI education bill.

For 2 years of active duty service and 4 years serving in the National Guard would qualify high school graduates in the reserve, for this 36 months.

In addition to that, if you can keep the man in or woman in for 3 more years, signing up for 3 more years, then the Defense Department would pay an additional $300 onto that $250.

So, it would still be 36 months, but a person, after 6 years, would receive $550 a month for 36 months from the Government for serving in the Regular forces and in the National Guard and Reserves.

The bill also provides, at the discretion of the Secretary of Defense, to add what we call an additional amount, or a kicker, to the basic benefit of $250 and $300. He could add some more money to the $550, if the Secretary of Defense wanted to for certain critical skills areas.

Another part of the bill which is very, very important, one of the most important parts, is the transferability of these educational benefits by the individual in the service to his spouse, or her spouse, or to their children, after serving at least 8 years. Transferability of this 36 months to their children or to their spouses would be at the discretion of the Secretary of Defense.

There are two other small provisions I won't cover because you have a number of witnesses today, Mr. Chairman. As to the cost of the bill, the Congressional Budget Office estimates that the cost to the DOD would be $56 million in fiscal 1982, $168 million in fiscal 1983.

The VA initial cost of the bill would not occur until the third year. In fiscal 1984, the VA cost would be $155 million, and the DOD cost would be around $298 million. And, quite frankly, Mr. Chairman, I think this committee should look into the present situation of the regular educational loans where about $7 billion now is going to nonservice young people, for loans and for grants, and consider the possibility of part of those funds being be transferred, in effect, to VA and DOD in case the money can't be located to pay for a GI education bill program. I would suggest the committee look into that situation.

You have already quoted what then Governor Reagan said to the American Legion at Boston last year when he was running for President. Only 2 weeks ago, some of us had the privilege of having breakfast at the White House—Mr. Chairman, it's very nice, I hope you get invited up there sometime for breakfast—sitting at the President's table—I didn't bring it up—someone was talking about the military forces, and President Reagan said, "What we've got to do is move ahead on a GI education bill. I think it will do this country a lot of good and it will help the military."

I said, "Mr. President, you've got to tell them over at the Defense Department how you feel about it," because I doubt if they've gotten the message.

I appreciate the military, they are showing an interest in this bill. That wraps up my testimony this morning. I appreciate very much having the opportunity to be the leadoff witness.

Mr. EDGAR. Thank you, Mr. Chairman.

[The prepared statement of Chairman Montgomery follows:]

PREPARED STATEMENT OF HON. G. V. (SONNY) MONTGOMERY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. Chairman, I appreciate your allowing me to be the leadoff witness on H.R. 1400, a bill I introduced early this year, along with Mr. Hammerschmidt, the ranking minority member of our Committee, Mr. White, Mrs. Holt of the Armed Services Committee, and several other Members of the House. This bill was introduced after extensive discussions with the military services and the Veterans' Administration. In addition, the bill was drafted in close coordination with certain members of the staff of the Armed Services Committee.

I note that Senator William L. Armstrong with be testifying this morning on his bill pending in the Senate. I understand Senator John Warner of Virginia is scheduled to appear before the Subcommittee on March 19th concerning his bill. I know there are other measures that have been introduced in both Houses, all of them designed to enhance the ability of the Services to recruit and retain quality people in the Armed Forces.

Mr. Chairman, in the House I am probably known as the leading advocate to reinstate the draft. I happen to believe that the draft is the real solution to the recruitment and retention problems affecting our Armed Services today. However, I recognize that given the current sentiment in the Congress, and the President's view that he does not favor reinstatement of the draft, we must look at alternative ways to cope with existing problems.

I believe the enactment of H.R. 1400 will enhance the quality of personnel coming into our Armed Forces. In addition, I believe it contains incentives that will allow many members who would otherwise be leaving the service to remain in service and complete their career there. Last year during hearings before the Committee on Armed Services on Military Posture, General Edward C. Meyer, Chief of Staff of the United States Army, volunteered to appear before the Committee to express his strong support for some form of GI education for the all-volunteer force. Recruitment and retention problems in the Army were so great at that time that he was willing to testify in support of educational incentives for Armed Services personnel, even though the Office of Management and Budget of the prior Administration did not support it. The following paragraph summarizes General Meyer's feelings:

"I believe we need a new comprehensive soldiers' education benefits package. We need it to restore the attractiveness of Army educational opportunities. We need it to provide high school graduates with a strong incentive to enlist. We need it to retain career soldiers, such as the middle manager and noncommissioned officers who train and lead the force. We need it to provide qualified personnel to man and maintain the new equipment and systems of the 1980's. We need it to provide a credible package of postservice educational benefits which will meet individual educational aspirations."

Mr. Chairman, according to General Meyer, the GI Bill available to those entering service prior to January 1, 1977 was the military's number one incentive in attracting quality people to the Army. He says that the contributory program in effect today is not very effective. General Meyer says it now ranks number 32 out of 37 on a priority list of incentives for enlistment purposes.

During recent hearings on recruiting before the Armed Services Committee, Major General Maxwell R. Thurman, Commander of the U.S. Army Recruiting Command, suggested that several things be done in order to recruit more highly qualified and motivated young men and women from all walks of life. The two objectives he seeks to achieve are: (1) The restoration of respect for service in the Armed Forces; and (2) the support of an education incentive with an Army differential. In addition, in answering a specific question, he expressed concern about the confusion that currently exists from having too many different test programs. As I recall, he made reference to at least four pilot or test programs that Army recruiters must deal with in attempting to get quality people to join the service.

Military commanders overseas and noncommissioned officers overseas, time and time again, have indicated that an educational bill would do more than anything to

attract quality personnel and to retain key noncommissioned officers in all branches of the military services. It is for these reasons, Mr. Chairman, that I introduced H.R. 1400 and I strongly urge that the subcommittee favorably consider it during this session of the Congress. Let me briefly explain what our bill would do.

First, it would provide one month of benefits for one month of service up to 36 months. In order to attract more high school graduates, my bill would not apply to any individual who does not have a high school certificate or the equivalent of a high school certificate. However, the serviceperson could become entitled after entering service at the time he attains his high school equivalency.

Our bill would require the individual to make a three year commitment to active duty in order to be eligible to benefits, or two years of active duty and four years in the Selected Reserves or National Guard. I feel we must include incentives for the Selected Reserves and National Guard because these two programs are suffering shortages of critical personnel. The Reserves and National Guard programs are a vital part of our total force concept. Our bill would allow service in the Reserves and National Guard as a way of accumulating educational entitlement.

The individual could begin to use the benefits after two years of service; however, if such individual is discharged from service, he would only be entitled to continue to receive the benefit if he or she is honorably discharged.

For this initial enlistment period the individual would be entitled to $250 per month.

Upon completion of this initial period of obligated service, should the individual enlist for another three years of active duty or another two years of active duty and four more years in the Reserves, such individual would be entitled to an additional $300 per month. In other words, for six years of active duty or four years of active duty and eight years of duty in the Selected Reserves or National Guard, the individual would be entitled to 36 months of benefits at $550 per month.

Mr. Chairman, the bill is designed to provide greater benefits for longer periods of service. We think this is cost effective in that in order to receive the maximum amount the individual will serve his country for at least six years.

It should be noted here that most pending bills either require the Department of Defense to pay the entire amount or they require the Veterans Administration to bear the total expense. Our bill takes a different approach. It is designed to share the burden of cost between the Veterans Administration and the Defense Department. Benefits accruing from the initial period of service would be paid by the Veterans Administration ($250 per month). The additional benefits for a longer period of service ($300 per month) would be paid by the Department of Defense.

The Secretary of Defense would have authority to provide an additional amount (a kicker) to the basic benefit ($250) or to the supplemental benefit ($300).

Mr. Chairman, we have attempted to provide a major retention incentive in H.R. 1400. Testimony will show that many key personnel in the Army, Navy and Air Force are leaving the service at a critical point in their careers, usually between 8 and 10 years. They are leaving the service for many reasons; however, we have noted that one of the major reasons is the service person recognizes the tremendous cost of education for his or her children and sees no hope of being able to provide such education on the pay one receives in the military.

Our bill would give the Secretary of Defense authority to allow these individuals to transfer their own entitlement to their husband, wife or children. This means that the individual would not be faced with paying out of pocket the total cost of a college education for his children. Our bill would allow him to transfer the entire amount to his wife, a child, or he could give a portion of it to one or more of his children. I think this is a very critical provision of the bill. Our bill would not allow this transfer of entitlement for every position in service. It would only apply to those positions that the Secretary of Defense feels are critical, and where the service concerned is experiencing extreme difficulty in retaining people to fill these positions. These may or may not be highly skilled positions. It could just as well apply to a basic combat arms slot. It could mean the point man in a rifle squad.

The reason we have limited this benefit to critically skilled positions is because when we face a tight budget situtation, I believe we must target the limited resources we have directly to the problem areas. Therefore, this provision of my bill is not a career enhancement provision at all. It is a retention provision designed to keep individuals in service who otherwise would be leaving the service.

There are two other provisions of the bill. Under a Preservice Education Program to be established, the Secretary of Defense would have discretionary authority to allow an individual to complete his education and training program prior to coming into into the service. The individual would then be obligated to pay back one month of service for each month of educational benefits provided.

One other provision of the bill would allow the Secretary of Defense to continue to pay off the education loans of individuals who commit themselves to service after having obtained the Federal benefit to go to school prior to joining the service. This program is a one-year experimental pilot program and our bill would simply extend it for two more years so that we can better judge the effectiveness of the program.

Mr. Chairman, according to the Congressional Budget Office, there would be some minor costs for my bill in the first two years. This would be based on the pre-service provision of the bill and the loan forgiveness provision of the bill. Based on a preliminary estimate, CBO suggests that if fully enacted, there could be a DOD cost of $56 million in fiscal year 1982 and $168 million in fiscal year 1983. VA's initial cost of the bill would not occur until the third year. In fiscal year 1984 VA's cost would be $155 million and DOD's cost would be $298 million.

In summary, I feel that this bill will help the military services reach some of their recruitment and retention goals. As one military spokesman has stated, our bill would allow the services to accomplish most of their goals "without breaking the bank".

I hope the Reagan Administration supports the enactment of an educational bill for the Military Services. Last year when President Reagan appeared before The American Legion at their convention in Boston as a candidate for the Presidency, he stated he would strongly support the enactment of a GI Bill for the All-Volunteer Force. He said, "We must provide the resources to attract and retain superior people in each of the services. We should take steps immediately to restore the GI Bill, one of the most effective, equitable and socially important programs ever devised. In short, our country must provide these persons and their families with a quality of life that is equivalent to the sacrifices they make on our behalf."

I appreciate the opportunity to appear before you this morning and it is my hope that I can participate in some of the hearings you have scheduled on our bill and others pending before the Committee. I compliment you, Mr. Chairman, on your dedication to your work on this Committee and especially as the new Chairman of the Subcommittee on Education, Training and Employment. I am confident that your work will result in a bill that will be strongly supported in both the House and Senate.

Mr. EDGAR. We appreciate your summarizing the legislation and helping us to focus on the subject. I might say that I would doubt that the President would invite someone as liberal as I am to come to the White House, but I'm glad that at least a few members of the Veterans' Affairs Committee are occasionally invited over to the White House.

We may need your help in sneaking the bill down to the White House and slipping it on his desk and having him sign it by accident, eventually.

I have just a couple of quick questions. At the early part of your comment, I think you made an important contribution by talking about the many experiments that were laid out in the last Congress.

I think there was some concern in the last Congress that we had to design something as a retention tool for the All-Volunteer Force. You indicated that there were several experiments, one out of the Armed Services Committee and one out of the Senate, to provide educational benefits, and that this effort, H.R. 1400, would be a long-term retention and recruitment tool.

Do you feel that if we are able to pass H.R. 1400 or a version of it and take the bill and have it signed into law, that Members of the House and Senate would be willing to back off on the contradictory experiments that are now taking place in the education field?

Mr. MONTGOMERY. I believe so. Mr. Chairman, actually, we mandated the Defense Department, both on the Senate test and the House test, to move ahead with this program, and actually, some of us involved in this test program, of which I was one, would be willing to completely back off. It's an expensive program.

The test program on the House side is not going to be able to give any information anyway, for 4 years, especially on retention. It's an expensive program. I think that is the Secretary of Defense's hangup.

We have these test programs, and he thinks we should move ahead and see how the test programs come out before we go into the GI bill, but that's not going to help us any. It's going to be 4 years from now.

Mr. EDGAR. So, it would not be appropriate to wait for the test. It would be more appropriate to terminate the test and move on with a new program.

Mr. MONTGOMERY. I think some of our military personnel who are testifying here this morning, and I think our Air Force general will testify, concerning the test programs, that they haven't received funding even to print up the brochures and to get the recruiters completely oriented to what the tests do.

Mr. EDGAR. In the early 1970's, when the GI bill was up for discussion and they moved from 8 years to 10 years on the ability to use GI benefits, there was some testimony on the House floor that for every dollar of Federal commitment, there was a $3 to $4 payback as GI's and veterans were using their benefits, becoming better educated, and then giving back to the Federal Treasury in tax dollars, more money than they, in fact, were given to pursue their education.

Do you think that premise is still there, and with this legislation, giving dollar commitments downline, that we would spend on recruitment and retention in a new GI bill, that the Federal Government would actually get a return on their investment as these individuals had better lifestyles and better positions in life?

Mr. MONTGOMERY. I believe that very strongly, Mr. Chairman. I should have had that in my report. And all I can speak from is experience, that the different GI education bills that have been in effect in World War II, in Korea and in Vietnam have—I can only speak for my State—but the education level was pretty far down as far as college education until these educational bills came along. It certainly has helped my State and all Americans.

Mr. EDGAR. Thank you. I yield to my colleague, Mr. Jeffries.

Mr. JEFFRIES. Thank you, Mr. Chairman. Chairman Montgomery, I want to compliment you on a good bill, a good presentation and, as a member of this subcommittee, I feel that we all feel that there is a definite change in direction here, and I think most of us up here approve of the direction we are going to, to do something to help retain those in the service, keep them there, see that they are educated, see that they can go on after service, and so forth, to other areas should they desire but, basically, to keep them in the service, particularly where we need them. And I think you have, as I said, a very good bill here, and I want to compliment you on it. Thank you very much. That's all I have to say, Mr. Chairman.

Mr. MONTGOMERY. Thank you. My colleague, Mr. Leath.

Mr. LEATH. Thank you, Mr. Chairman. It's good to note that Chairman Montgomery does equally as good a job on that side of the desk as he does on this one.

Mr. Chairman, we're delighted to welcome you and I, of course, am tremendously supportive of your bill and delighted that you

and Mr. Hammerschmidt have submitted it because I think those of us who have been concerned about retention in the services and those of us who have been concerned about hopefully attracting a higher level of people into the service will find that this is probably going to be a vehicle where we can do it, so I am delighted that you have come forth with it, and thank you so much.

Mr. EDGAR. Mr. Sawyer?

Mr. SAWYER. Mr. Chairman, I again compliment you on your statement. I am looking forward, with some interest, to hearing the point of view of the military as to how effective this will be as one of the retention tools, really.

They live pretty close with the problem, and probably their judgment or guesstimates or whatever it might be would probably have some weight on my thinking on the whole program.

Mr. EDGAR. Mr. Daschle?

Mr. DASCHLE. Thank you, Mr. Chairman. Mr. Chairman, I, too, want to compliment you on what I think is an excellent statement. You have hit upon what I think is one of the single most crucial needs of the younger veterans, in particular. It is one that we have been working on for a long time, and to have your leadership in this area is a tremendous asset.

I am especially glad that you have decided to include Reserves and National Guard. This is a new turn, and I think a very important one. Those people, I think, have been undersold in their importance to our military capability, and certainly that would be a crucial part of any new program.

Let me ask you, I am unclear about the delimiting period on your bill. Could you describe how the delimitation date would work in this particular proposal?

Mr. MONTGOMERY. I'm sorry, Tom, I missed you.

Mr. DASCHLE. I was wondering if you could describe what the delimitation date would be on this particular program. I'm just not clear.

Mr. MONTGOMERY. Ten years from date of discharge.

Mr. DASCHLE. Ten years, I see.

Mr. MONTGOMERY. That's right.

Mr. DASCHLE. OK. Well, thank you very much. I appreciate your testimony.

Mr. EDGAR. Mr. Smith?

Mr. SMITH. Good morning, Mr. Chairman. I'm sorry I missed some of your testimony. I think that it is a good bill, and I would happen to agree with you that I think we maybe are going to have to go back to the draft eventually, and the sooner we realize that, maybe the better off we are.

I just spoke for a couple of minutes the other day about the fact that money isn't going to solve our problems in the military or anywhere else in this country, and I think that what we are lacking is leadership in the military, and one of the reasons is because the political system has made it impossible for the military to really provide that leadership.

I know I served from 1958 to 1968 and had a regular commission at one time, and when we were at the point where each target had to be approved before we could fly against it, and it had to be approved by the Pentagon and the White House, you're going to

get in real trouble with people in trying to allow them to do the job they are trained to do.

And while we can talk about educational benefits, I think if you have people satisfied, money doesn't mean anything because, certainly, you're not going to get rich in the military. So, I think the draft is important.

I do share your thoughts that the National Guard is going to become a more important part and we should help them with their educational benefits, so there might be some specifics that we maybe ought to change, but I would look forward to a good bill, and commend you for putting it in. Thank you, Mr. Chairman.

Mr. EDGAR. Thank you. Mr. Chairman, I want to thank you for kicking off these hearings as well as for your leadership on this particular issue. We're going to need your help in late April, early May, as we move to mark up this bill and make the kind of refinements and fine-tuning that are going to be necessary, and I look forward to working with you. Thank you.

Our next witness, for just a brief period, will be General Meyer, who has another commitment this morning. We want to welcome you to our hearing this morning; I appreciate your taking the time to make a statement. You are welcome to proceed as you see fit. We'd like you to be as frank and as open as possible, and I hope that you can stay for a couple of questions. We appreciate your coming today.

STATEMENT OF GEN. EDWARD C. MEYER, CHIEF OF STAFF, U.S. ARMY

General MEYER. Thank you, Mr. Chairman. I have no formal opening statement, but there are some comments that I'd like to make so that I can put the GI bill you are addressing into some perspective. The comments I'd like to make are about today's Army.

Despite all you've heard, the biggest single deterrent, to the current readiness of the Army, is turbulence. It is the turnover that is taking place down in the squads, the platoons and the companies.

Our divisions turn over somewhere between every 14 and 18 months. That means that the full division turns over. Now, there are many things that contribute to that, but the principal contributor is the fact that the nonhigh-school male graduates we bring in stay on at a rate of only 56 percent. That means that 44 percent of them don't complete their tour, and that just means that down in the companies, we have this continuing turbulence of people in and out, and we are unable to train them to achieve the readiness that we need.

The Army can correct some of its policies. We can establish unit cohesion, which we intend to do. We can put units together and attempt to keep them together for longer periods of time. But, if the individual who is coming in comes from a background which tends to indicate he is not going to stay, as with the nonhigh-school graduate, we are going to continue to have turbulence and continue to have degraded readiness.

NONAVAILABILITY OF NCO'S

The second deterrent to the active component, in addition to turbulence, is the nonavailability of NCO's. While they have been encouraged by the recent pay raises, they say, just as you and I, that the single factor they worry about most is educating their children—insuring that they are able to educate their family members.

I believe that this turbulence also discourages our NCO's from staying. They look down and they see the squads moving out from underneath them, they no longer have the same number of soldiers, and they don't see the high school graduates. All of these factors discourage our NCO's from staying. Last year, we only attained a 50-percent high school graduate percentage. That, again, has an impact on the attitude that the NCO takes.

You have very properly identified that in the Reserve components, the National Guard and the U.S. Army Reserve, the lack of soldiers makes many of those units unable to train.

I was with some units of the 40th National Guard in California on Saturday and they are at about 64 percent strength. It's even lower than that in the enlisted grades. We can't have a viable Guard or Reserve if we cannot bring in the qualified young people that we need.

That is today's Army. What about tomorrow's Army? Can we get the numbers of soldiers that will be able to maximize the capability of the equipment on the modern battlefield? That is a serious question.

The way to reduce that risk is to be sure that we are bringing in qualified young people and retaining the NCOs who are able to train them.

EDUCATIONAL BENEFIT PROGRAM

In my personal judgment—I repeat, this is my personal judgment—all of these concerns will be ameliorated by educational benefits for high school graduates, tied to honorable completion of the first term of service, and with some provision for transfer to family members.

I want to caution you that as you look at the educational benefit program and package, you need to address it in the context of the total Army, not just the active component and not just the first-term accessions. But rather it needs to be addressed in terms of: What it does for first-term soldier and for the careerist, what it does for the National Guard, what it does for the Reserve, and what it does for what we call the Individual Ready Reserve—that trained manpower pool out there available to reinforce us in the event of war.

Again, in my personal view, a GI bill which has transferability to family members provides a solution to assist in resolving all of these serious readiness problems.

First, it provides the prime incentive, which has already been identified by Mr. Montgomery as education. All of our indicators show that people join principally for benefits—although we would hope that it is also for patriotism, we have to look at exactly what it is that brings soldiers in.

Second, it will bring in high school graduates. That will reduce turbulence, not only by increasing the numbers we bring in, but it also will reduce turbulence by providing incentives for even more high school graduates to complete their tour—if they want to get the educational benefits.

It will contribute to the Reserve components, the National Guard, the U.S. Army Reserve and the Individual Ready Reserve, both directly and indirectly; directly, as was outlined by Mr. Montgomery in his presentation, and indirectly by the fact that soldiers completing their active tours will then go into Guard and Reserve units. This will bring in qualified young high school graduates to build up the strength and the ability of those units.

I believe that the retention incentives with transferability, will assist in retaining that middle grade leader.

COST VERSUS READINESS

In sum, I believe that the cost versus readiness and improved capabilities are things that we can prove to you. I would hope that this slate of high muggity wump generals behind us here can show you in terms of cost benefits, that the lower turbulence—which means we have to bring in fewer—the better retention, which means that we will save money over time instead of costing money over time. I believe that is demonstrable.

I would also like to reiterate that I am concerned with October 1, 1981. At that point in time, most of the current tests end. At that point in time, we are not sure what we have for 1982, and that needs to be clarified. I believe that Army readiness will be improved today and tomorrow with a GI bill which supports the Active and the Reserve, the first-termer and the careerist. Thank you, sir.

Mr. EDGAR. Thank you very much for your statement. It was very helpful and very to the point, and I appreciate your personal commitment to the GI bill as being a good recruitment and retention tool, given the perspective that you have brought with the specifics.

Your first comment about turbulence, I think, is an important one, and your final comment about the October 1, 1981 time frame is also important. With these test programs, there is no continuity on the education incentive, and we cannot keep sending conflicting signals to the recruiters and to the general public.

So, my hope is that in the process of developing a GI bill, we could give some clear and decisive signals to those who recruit for all of the services, and help to do the kinds of things that you have outlined and suggested.

I don't have any specific questions of you. I will save my questions for the next panel. Let me just ask if there are questions from our fellow congressmen. Mr. Jeffries? Anyone?

[No response.]

Mr. EDGAR. Thank you, again, for coming and sharing your testimony.

Mr. MONTGOMERY. Mr. Chairman, I'd like to thank General Meyer for making a special effort and coming here this morning. Thank you, sir.

Mr. EDGAR. Let's move quickly to our panel of high muckety-mucks, as General Meyer has indicated, and let's move to those who are here. Admiral Stewart? Is he here at this point? Why don't you come up and take your place at the table.

We have with us Lt. Gen. Robert Yerks, who is Deputy Chief of Staff of Personnel, Department of Army; we have Vice Adm. Lando Zech, Jr., Deputy Chief of Naval Operations, Department of the Navy; Lieutenant General A. P. Iosue, Deputy Chief of Staff for Manpower and Personnel, Department of the Air Force; Lt. Gen. Edward J. Bronars, Deputy Chief of Staff for Manpower, U.S. Marine Corps; Rear Adm. W. H. Stewart, Chief, Office of Personnel, U.S. Coast Guard.

Gentlemen, I want to welcome you to the committee this morning. After reviewing your personal histories, together you represent years of experience and expertise in the current status and personnel within the military, and we look forward to hearing your views this morning.

I would like to state at the outset, however, that we are here to receive your views on the current policy of military in correcting recruiting and retention problems within the All Volunteer Force, but even more important than policy, we want to draw on your personal experience and your personal views on what has caused the deterioration of the quality of recruits and the retention of skilled mid-career personnel within the military at the present time.

We also look forward to hearing your frank and candid opinions, based on your experience, of what needs to be done to correct the present situation. I understand you have brought with you a series of charts and graphs demonstrating current recruiting and retention trends within your respective services. I want you to feel free to refer to the material during your testimony, and without objection, it can all be made part of the official hearing record.

Gentlemen, I would like to again welcome you and we will begin in order of appearance on our witness chart. We will start with Lt. Gen. Robert Yerks. I hope you will summarize your opening statement and be prepared for some questions.

STATEMENT OF LT. GEN. ROBERT YERKS, DEPUTY CHIEF OF STAFF FOR PERSONNEL, DEPARTMENT OF THE ARMY

General YERKS. Thank you, Mr. Chairman, it is a pleasure for me to be here. I emphasize and I guess reinforce what the chief has so candidly presented to you earlier, reinforce his remarks in that I think there is no question in my mind, personally, nor in the Department's mind, that in order to sustain our force in the future, there needs to be a comprehensive package of educational incentives.

As we look back in the past to survey results and so forth, we find that the number one incentive to getting the high school graduate into the service, the No. 1 incentive to retain that has brought in our soldiers in the past, has been the GI bill, and perhaps imperfectly and less effectively, the veterans educational programs which are presently in being.

We do have a very serious problem in turbulence in the Army. We find that our attrition rates average out around .3 percent of a

group that comes in and leaves us over a 3-year period of time, but as we look closer within the overall figures, we find that a male—as an example, male high school graduate attrites over a 3-year period at about a 23-percent rate, whereas the nonhigh-school graduate attrites at a 44-percent rate.

And as we look at our female accessions enlistees, we find that a high school graduate female attrites at about 43 percent and a nonhigh school at 60 percent over a 3-year period of time.

So, clearly, a measure of turbulence or the cause of the turbulence is the high school content which you bring in. And we just need to do something about that, to attract more high school graduates.

Now, last year, which has been somewhat of a turnabout year, turnabout from 1979 where we had a recruiting shortfall of some 17,000, we found that only about 54 percent of our enlistees were high school graduates, and in combat arms, which is technical today, only some 41 percent. And, again, although we appear to be doing better this year, two quarters don't make a trend, and all our surveys, again, continually point to the fact that a comprehensive educational program will be the No. 1 attractor for that high school graduate.

I'm concerned down the line, to not just attracting that first-term soldier high school graduate in a make-sense-money-cost-effectiveness, but also the fact that the high school graduate is the base upon which we need to grow our NCO corps, and this is a concern to me when we have the low percentages, not acceptable percentages that we have had in the past.

Sir, that about concludes my overall view, and I am prepared to answer questions as the panel sees fit.

Mr. EDGAR. Thank you very much for your testimony.

[The prepared statement of General Yerks follows:]

PREPARED STATEMENT OF LT. GEN. ROBERT G. YERKS, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY

Thank you for the opportunity to appear before this subcommittee to discuss with you the Army's concerns for educational incentives.

The Army believes that an improved educational incentives program will be needed to meet the challenge for the recruitment and retention of military personnel to man the force in the 1980's. Since 1970, when the Gates Commission proposed an All Volunteer Force, the Army, as well as the Department of Defense, has tried a number of initiatives in an effort to attract adequate numbers of recruits and to retain experienced soldiers. As you are well aware, substantial resources have been committed to programs designed to make military service more attractive.

The early success of the All-Volunteer Force in the mid-1970's prompted significant changes in recruiting resources and incentives for the soldier, and led, in large part to the dilemma that we face in the 1980's. The capping of military pay at a time when civilian wages were rapidly rising, and the termination of eligibility for the Vietnam Era GI Bill for new soldiers have had a serious effect on recruitment and retention. Moreover, the increased availability of Federal loans and grants, which do not have any obligation for national service, have diverted untold numbers of high school graduates from military service.

High School Diploma Graduate (HSDG) recruiting had steadily declined since fiscal year 1976 until the Army stopped the trend in fiscal year 1980. However, the Army still fell short of its fiscal year 1979 HSDG objective by 21,000. The fiscal year 1980 shortfall of graduates was 13,000 below the established objective.

Recent gains in pay and recruiting resources are significant initiatives toward reversing this trend. So far in fiscal year 1981, we are meeting our HSDG objective for the first time in memory. However, the pool of eligible HSDG's will continue to decline during the 1980's.

Accordingly, the Army concludes that a new education incentives program restoring an attractive educational opportunities package will be needed to recruit and retain the people we need.

The kind of soldiers we all seek are highly qualified and motivated volunteers, desirous of serving this country and at the same time improving themselves. These are the soldiers who will not only serve the Army well but will return our nation's investment in their experience and education to society as contributing citizens.

We sincerely appreciate the efforts of Chairman Montgomery, Chairman Edgar and this committee to assist us in this important effort.

I am prepared to answer your questions at this time.

Mr. EDGAR. We will turn now to Vice Admiral Zech.

STATEMENT OF VICE ADMIRAL LANDO W. ZECH, JR., DEPUTY CHIEF OF NAVAL OPERATIONS, DEPARTMENT OF THE NAVY

Admiral ZECH. Thank you very much, Mr. Chairman. I have prepared a brief statement which I would like to have included in the record.

Mr. EDGAR. Without objection, it will be made a part of the record.[1]

Admiral ZECH. Thank you, sir. I would just like to summarize by saying that I appreciate very much the opportunity to appear before your committee today to discuss the educational benefits program.

As you are aware, Mr. Chairman, the Navy is currently participating in the 1-year educational assistance test program which was authorized by Congress last year. Phase 1, which tests the impact of certain educational benefits on recruiting, began in December 1980. We anticipate about 4,000 enlistees under this portion of the test.

Phase 2 is directed at testing educational benefits as a retention incentive, and is scheduled for implementation on April 1. During this phase, about 300 second-term enlistees in 4 critical skill ratings will receive educational benefits.

The test results will be used to develop an educational benefits program for submission by the Secretary of Defense next year. Mr. Chairman, I appreciate the fact that you have asked us to give our personal views, and I'm prepared to answer any questions in a frank and candid manner.

I believe that, if properly structured, an educational benefits program could impact positively on two key points in the manpower lifecycle.

The first would be recruiting. A greater number of high school graduates and upper mental group personnel would increase the quality of our first-term force.

The second point would be retention, where we would anticipate increasing our careerists by drawing from these high quality first-termers.

Finally, I would mention that I believe that an investment in the educational growth of our young people who volunteer to serve in the military is an investment in the future of our country.

I am prepared to answer any questions, Mr. Chairman.

Mr. EDGAR. Thank you very much for that statement, and I appreciate your willingness to come this morning and answer questions.

[The prepared statement of Admiral Zech follows:]

[1] See p. 17

PREPARED STATEMENT OF VICE ADMIRAL LANDO W. ZECH, JR., DEPUTY CHIEF OF NAVAL OPERATIONS FOR MANPOWER, PERSONNEL AND TRAINING AND CHIEF OF NAVAL PERSONNEL

INTRODUCTION

I am Vice Admiral Lando W. Zech, Jr., Deputy Chief of Naval Operations for Manpower, Personnel, and Training and the Chief of Naval Personnel. I appreciate the opportunity to appear and testify before your committee in support of educational assistance programs for veterans and for members of the Armed Forces.

BACKGROUND

Following termination of the GI Bill in 1976, educational benefits have been provided to our service members through the post Vietnam Era Veterans' Educational Assistance Program (VEAP). Since January 1, 1977 approximately 76,500 Navy men and women have elected to contribute a portion of their pay each month in order to qualify for the two-for-one matching funds. This represents a participation level of approximately 23% of all those eligible. In recent months we have seen a slight rise in VEAP participation to 27%. The recent reduction in the service member's minimum required contribution from $50 to $25 per month may enhance future participation. Although VEAP enrollment is less than one might desire, I think that the significant number of participants in this contributory program is a solid indicator of the strong interest our service members have in improving their education.

The Navy is also currently participating in the Educational Assistance Test Program contained in the FY 1981 Defense Authorization Act. Phase I of this program, implemented on December 1, 1980, focuses on recruitment, and will complete in September 1981. The Navy anticipates approximately 4,000 enlistments from this program. Phase II is directed at testing educational benefits as a retention incentive and is scheduled for implementation on April 1, 1981, for a total of six months. In Navy's case, educational benefits will accrue to those service members who reenlist for the second time in four critical skill ratings. The program is funded for about 300 Navy participants. The Department of Defense will utilize the test results to determine what effect educational benefits have upon recruitment and retention and expects to forward an educational proposal next year.

ANTICIPATED IMPACT OF A NEW EDUCATIONAL BENEFITS PACKAGE

In general terms, educational benefits legislation, if properly structured, could be expected to have a positive impact on two major areas: Recruiting and retention.

From a recruiting standpoint, an educational benefits program should increase the quality of the first term force by attracting higher numbers of high school graduates and upper mental groups. This would provide a military force profile more representative of the general population in this country. Based on our past experience, a righer mix of high school graduates means lower first term attrition and ultimately a reduced demand for accessions. With a higher proportion of upper mental groups, training time and cost would be reduced.

From a retention standpoint, a properly structured proposal will assist in retaining highly trained middle careerists in the Navy. If a transferability feature were incorporated, it could be particularly attractive to career service members who, for the most part, are married with families and increasingly desirous of educating their children beyond the high school level. This group is the backbone of the Navy and will respond to the combination of competitive compensation levels and increased access to higher education.

Finally, because of the higher concentration of high school graduates in the first term force, we may see a larger number enter the career force.

CONCEPT OF AN EDUCATIONAL BENEFITS PROGRAM

The Navy feels that any new program should be structured to provide a balance between incentives for recruitment and incentives for retention. What we must avoid is a program which, like the old GI Bill, is structured to provide an incentive to leave the service. In effect this equates to a negative reenlistment bonus.

SUMMARY

As Chief of Naval Personnel, I am vitally concerned with attracting competent and motivated first term personnel for our Navy and in developing and maintaining a strong, capable, and dedicated career force. I am convinced that education, and the opportunity to achieve it, have a crucial role in our total efforts. I believe further that an investment in the educational growth of our young people, those who volunteer to serve in the military forces, is an investment not only in the strength of our nation but, in a broader way, in the future of our country.

Thank you very much. I will try to answer any questions you might have.

Mr. EDGAR. The next witness will be Lieutenant General Iosue.

STATEMENT OF LT. GEN. A. P. IOSUE, DEPUTY CHIEF OF STAFF FOR MANPOWER AND PERSONNEL, DEPARTMENT OF THE AIR FORCE

General IOSUE. Mr. Chairman, I do appreciate the opportunity to appear before this committee, and I am particularly grateful for the comment made by the Chief of Staff of the Army, who included me among the high muckety-mucks.

Recruiting and retention in the Air Force is on the upswing, and we are optimistic as we look at the trends, but as we look ahead to the mid 1980's, we are concerned with the Air Force's ability to recruit and retain quality men and women, for three reasons.

One, the Air Force will be larger, as we bring onboard new weapons systems into our inventory. We expect to be some 15,000 to 20,000 greater in strength than we are today.

Second, demographers tell us that the 18-year-old population will decrease by 15 percent by 1986. That means a smaller recruitable population; it also means fewer high school graduates to draw upon.

Third, weapons systems in the U.S. Air Force will become more complex and more sophisticated, and it will require that we bring onboard trainable individuals, mainly, high school-diploma graduates.

By the same token, those people we bring onboard will be trained in those skills which are desired in the civilian sector, and retention will become increasingly more difficult.

Our experience with the GI bill in the past, before its discontinuance in 1976, indicated we brought onboard 10 percent more high school graduates than we have today. And at that time, we had the largest delayed enlistment pool in the history of the U.S. Air Force.

So, I believe that a properly designed new educational incentive, one that strikes a balance between recruiting and retention, will do much to assist the U.S. Air Force in meeting its recruiting and retention goals in the mid 1980's. Thank you.

Mr. EDGAR. Thank you very much for your statement. I can appreciate the unique position of the Air Force in recruitment and retention. We will have some questions for you as well.

[The prepared statement of General Iosue follows:]

PREPARED STATEMENT OF LT. GEN. ANDREW P. IOSUE, DEPUTY CHIEF OF STAFF, MANPOWER AND PERSONNEL HEADQUARTERS, U.S. AIR FORCE

As we enter the decade of the 1980's, the military services are faced with an extremely difficult recruiting envoronment. Demographers indicate that the number of 18 year-old high school graduates will decrease 15 percent by 1986. Indeed, the population of 17-21 year old high school graduates is forecast to decline by some 20 percent by the year 1990. Additionally, surveys indicate that the propensity of young people to consider military service has dropped substantially. The myriad of

easily obtainable funding sources of higher education certainly have contributed to this shift in appeal.

The Vietnam Era GI Bill was a strong incentive for military service as evidenced by the substantial increase in our delayed enlistment pool which occurred when its termination was announced in October 1976. Upon termination, we experienced an immediate 10 percent decline in high school accessions and have never recovered. The replacement for the GI Bill—the Veterans' Educational Assistance Program (VEAP)—has, by its contributory nature, proven to be ineffective as a recruiting incentive. After four years under VEAP, only 6 percent of Air Force eligibles are participating despite concerted outreach efforts to insure that all eligibles are fully conversant with the program. It has been consistently proven that high school graduates are needed in the Air Force because of the demends of our technical training programs and our relatively large number of high technology jobs. A well designed education incentive could be the key to restoring our pre-1976 levels of high school graduates.

In addition to the anticipated tough recruiting climate and of equal concern to the Air Force is the need to be able to retain adequate numbers of our highly skilled mid-career personnel. There is evidence that the recently enacted pay raise along with the other new compensation initiatives—and indications that additional such incentives may be forthcoming—are bearing fruit. Retention is turning around. We need to ensure that any new education incentive does not work against retention. While the old GI Bill was a strong recruiting incentive, large numbers of people who entered the military left to use their education benefits upon completion of their initial enlistment. This was offset to a degree by in-service education programs which have helped to retain our quality people. Since termination of the GI Bill the Air Force has had over 300,000 in-service college enrollments reported annually. Of these, 65 percent were serving beyond their initial enlistment. Thirty-five percent of these enrollments were using the in-service provisions of the GI Bill.

A properly designed new education incentives program would permit the services to compete, in a deteriorating recruiting environment, for the high quality young people we critically need. A balanced program is essential—one which offers adequate incentives "up front" to attract high quality young people and which has strategically placed retention incentives designed to promote continued service from substantial numbers of highly trained and experienced personnel.

We believe that a new program designed along these lines will provide the services with the balance necessary to meet both their recruiting and retention needs. If the All-Volunteer Force is to be sustained, we must be capable of making military service a viable alternative for young people from all walks of life and every part of the Nation.

Thank you for the opportunity to address the distinguished committee on this very important issue.

Mr. EDGAR. Our next witness is Lt. Gen. Edward Bronars, who is the Deputy Chief of Staff for Manpower for the U.S. Marine Corps. I'd like you to share your opening statement.

STATEMENT OF LT. GEN. EDWARD J. BRONARS, DEPUTY CHIEF OF STAFF FOR MANPOWER, U.S. MARINE CORPS

General BRONARS. Mr. Chairman, I have submitted a brief statement for the record.[1] I would like to briefly give you some of the Marine Corps experiences and relate to you what we feel is an important consideration.

I would first like to congratulate Mr. Montgomery and the members of the subcommittee for taking this interest in recruiting and retention of the four services. It is an area that we are all vitally concerned with and particularly emphasize in our efforts to make the All-Volunteer Force work. An educational benefits bill will certainly assist us in this regard.

There is no question in our mind that an effective educational assistance program would return significant benefits in gaining and keeping quality young men and women in our services.

[1] See p. 21.

We have had the same experiences that the Army has had and, just for the record, I would indicate that one of the key quality indicators that the Marine Corps has emphasized ever since 1975 is a high school diploma graduate.

We have maintained statistics in comparing his effectiveness with that of the non-high school graduate, as effectiveness relates to success in the Marine Corps.

The high school graduate attrits, prior to the completion of his obligated service, at a rate of about 24.6 percent. In other words, 24.6 percent of the personnel who have a high school diploma don't complete their enlistment. That compares with a 47.1 percent attrition of the non-high school graduate.

We believe that our emphasis is well placed. We have also experienced the same thing that the Air Force experienced relative to the termination of the Vietnam Era GI bill in December of 1976.

We lost a strong drawing card when that bill was terminated. Evidence of the strength of this incentive was a substantial increase in enlistments toward the end of the calendar year 1976, which was otherwise a very lean year in the recruiting marketplace.

In fact, December, 1976 was our best recruiting month since the Marine Corps began its emphasis on quality accessions when we established the goal of 75 percent high school graduate accessions in July, 1975.

New contracts for nonprior service male accessions written during the month of December, 1976, totalled 7,290. This number was 3,000 more than that planned, and 218 percent of the monthly average for the remaining 9 months of fiscal year 1977.

This success was directly attributable to enlistments to intent on beating the deadline for the G.I. bill eligibility.

Prior to the end of the Vietnam-Era GI bill, we averaged 4,000 monthly accessions. After the termination of the Vietnam-Era GI bill, we averaged 3,280 accessions per month, or a drop of 24 percent.

The replacement of the Vietnam-Era GI bill with the veterans educational assistance program, commonly referred to as VEAP, has, in our estimation, had a lukewarm record in meeting the stated purpose of attracting enlistments to the All Volunteer Force.

An analysis of Marine Corps VEAP data indicates a 3-year cumulative participation rate of 18.5 percent of all eligible Marines. This has increased modestly over the years, going from 7.9 percent in 1977, to 11 percent in 1978, to 18.5 percent in 1979. It now stands, at the end of fiscal year 1980, at 22 percent.

In addition, a good percentage of participants in the VEAP program have discontinued that program voluntarily. We record about a 25 percent dropout rate—that is, 25 percent of those that are continuing in service simply terminate their allotment for the VEAP program.

The Marine Corps, as all the other services, is participating in the educational assistance test program. We started in January of this year. Thus far, we have 111 participants in the program.

Out of the three different options—that is, sections 901, 902 and 903 of that test program—by far, the most popular is section 901,

which is noncontributory and has the largest educational benefits associated with it.

It is another indication, in my estimation, based on a very short period of observation of this test program, that true educational benefits that would cover the major cost for education for the young man or woman are an attractive option that he/she will respond to.

The Marine Corps is experiencing, as we have over the past few years, success in attracting high school diploma graduates into the Marine Corps. We will continue to emphasize this, and we look forward to any support we can get to attract these quality young men and women to handle the ever more sophisticated weapons systems that we will be introducing into our inventory. Thank you very much.

Mr. EDGAR. Thank you for your statement, and I appreciate your attendance here today.

[The prepared statement of General Bronars follows:]

PREPARED STATEMENT OF LT. GEN. EDWARD J. BRONARS, DEPUTY CHIEF OF STAFF FOR MANPOWER, U.S. MARINE CORPS

Mr. Chairman and members of the subcommittee, I am pleased to appear before you this morning on behalf of the Marine Corps to discuss efforts to provide educational assistance programs for military personnel and to provide information on the impact that past and present programs have had on the Marine Corps to enhance the recruitment and retention of quality personnel.

Considerable concern has been expressed over the ability of the services to attract sufficient quality enlistees and retain highly trained middle careerists. Today's young people and skilled non-commissioned officers are well aware that their skills are in high demand in private industry and elsewhere. Quality young people, in general, are motivated toward pursuing the education that they know they will need to reach their full potential. Under the present realities of military service, involving demanding and arduous duties that require personal and family sacrifices not experienced by the average American, we need to focus our attention on ways to attract and retain sufficient personnel who are capable of being trained to operate and maintain increasingly sophisticated weapons and equipment that will be fielded during the 1980's. An effective educational assistance program would return significant dividends in gaining and keeping men and women possessing characteristics that we need in the services.

With the termination of the Vietnam Era G.I. Bill on January 1, 1977, the services lost a strong drawing card as an incentive for military service. Evidence of the strength of this incentive was the substantial increase in enlistments toward the end of calendar year 1976, an otherwise lean year in the recruiting marketplace. In fact, the recruiting success in December 1976 was our best month since the Marine Corps began its emphasis on quality accessions when we established the goal of 75 percent high school graduate accessions in July 1975. New contracts for non-prior service male accessions written during that December totaled 7290. This number was 3075 more than planned and 16.2 percent more than the monthly average during fiscal year 1977. This success was directly attributable to enlistments to beat the deadline for G.I. Bill eligibility.

The replacement for the Vietnam Era G.I. Bill—the Veterans' Educational Assistance Program (VEAP)—has not met its stated purpose of attracting enlistments in the All Volunteer Force (AVF). An analysis of Marine Corps VEAP data indicates a three year cumulative participation rate of 18.5% of eligible Marines. Although there appears to have been a modest increase in the matriculation over the years (7.9 percent 1977, 11.0 percent 1978, 18.5 percent 1979), there are a significant number of participants who have chosen to discontinue the program.

The Marine Corps, along with the other services, is currently participating in the Education Assistance Test Program (EATP) authorized in the fiscal year 1981 Defense Authorization Act. The Marine Corps has recruited 111 participants into this multi-faceted program as of this date. It is still too soon, however, to draw any conclusions on the merits of the various programs within this test and their ultimate prospects for the improvement of recruitment and retention. Based on the results of the EATP, the Department of Defense expects to forward a comprehensive

educational assistance program to the Congress for inclusion in the fiscal year 1983 budget.

In addition to the incentive that an improved educational assistance program would provide to encourage enlistment and retention, there is another very significant benefit that would accrue to the entire nation. Many of the great advances in the arts and sciences, in business and industry, in research and applied sciences were accomplished by Americans who took advantage of their G.I. Bill benefits to go on to higher education. I am confident that this would prove true in the future.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions you may have.

Mr. EDGAR. Our final panelist is Rear Adm. W. H. Stewart, who is Chief Office of Personnel, U.S. Coast Guard. We welcome you this morning and look forward to hearing from you.

STATEMENT OF REAR ADM. W. H. STEWART, CHIEF, OFFICE OF PERSONNEL, U.S. COAST GUARD

Admiral STEWART. Good morning, Mr. Chairman. As you are aware, I have submitted a formal statement for the record and, with your permission, I will summarize at this time.

Mr. EDGAR. Without objection, all the formal statements will be made a part of the record, and any additional material that you have that will supplement that statement will also be made a part of the record.

Admiral STEWART. I am very pleased to be here this morning, sir, because I feel that, as a representative of the Nation's smallest military service, the educational programs that are being considered by the committee this morning are of tremendous benefit to the Coast Guard, as they are to our larger sister services within the Department of Defense.

I personally believe that educational programs for the Armed Forces are one of the most important benefits that the country has ever devised and provided.

Not only does my experience over the last 32 years tell me that, but also recent reenlistment opinion surveys and my numerous discussions over the past 3 years with thousands of Coast Guard people and their families confirm this particular opinion.

As you are well aware, the Coast Guard is a small but rather extended multi-mission service, and one of the unique characteristics of such a military organization is that our people are multi-mission as well.

And this requires us to look to very highly qualified applicants at the entry level, and also to pay a large price in training and maintaining our people.

So, anything that the Coast Guard can use as an attraction for high school graduates and to maintain those people in the service is not only of tremendous interest to us, but I think of tremendous benefit in the long run, to the American taxpayer.

That summarizes my statement at this time, sir.

Mr. EDGAR. Thank you very much. We appreciate your comments and your readiness to listen to some of our questions and to respond in a personal way to them.

[The prepared statement of Admiral Stewart follows:]

PREPARED STATEMENT OF REAR ADM. W. H. STEWART, CHIEF, OFFICE OF PERSONNEL, U.S. COAST GUARD

Mr. Chairman, I appreciate your invitation to appear, along with the Chiefs of Personnel of the other military services, to present the Coast Guard's position on veterans educational programs. It is particularly appropriate that I have been afforded this opportunity, because my service should be included under any proposals which are considered by the Congress. As specified in 10 U.S.C. 101(4) and 14 U.S.C. 1, the Coast Guard is an Armed Force of the United States. I would, therefore, request that any and all educational proposals reflect that fact so as to ensure our eligibility for these very important benefits.

I also will appreciate the opportunity to testify on any other legislative matters which will affect the quality of life of the military member and his family. We are very concerned about initiatives of this sort, because the needs of the other services are our needs as well.

I have long believe that educational programs for the Armed Forces are one of the most important benefits the country has ever devised and provided. Not only does my experience tell me that, but recent reenlistment opinion surveys taken within my service, and numerous discussions I have had with our people over the last three years, have confirmed it.

Retention of experienced enlisted personnel has been a problem in the Coast Guard just as in the other services, and while recent pay raises may be starting us on a road to recovery in this area, there is no doubt in my mind that more attractive educational benefits also will have a very positive effect on career reenlistments. Like everyone else, we are competing with industry and other organizations in the private sector for the talent possessed by our Mid-Grade Petty Officers, particularly in critical technical skill areas. It will take improved offerings to convince them that staying in the Coast Guard is more promising than leaving. Educational benefits are an important ingredient in meeting this goal.

Recruitment is less of a concern to us at present, at least in terms of the total number of young people available for induction. Our recruit waiting lists are filled. Quantity does not necessarily guarantee quality, however, and we do occasionally experience difficulty in finding high school graduates with abilities in some of our more sophisticated and demanding ratings. The pool of available and qualified civilians in the U.S. also is shrinking, so it is reasonable to assume that the Coast Guard will eventually face recruit shortages in numbers as well. History reminds me that this can happen very quickly. If the Coast Guard is not included in educational opportunities afforded members of th Armed Forces, and therefore is not treated equally with the other services, we would be unfairly disadvantaged in the recruiting marketplace. Indeed, we might see problems even earlier than expected by virtue of our having less with which to attract potential recruits.

The bill under consideration today, H.R. 1400, is an effort to address the requirements of each of the Armed Forces. The Administration is presently analyzing this bill. Some of the features are incorporated in the current testing program with which the Department of Defense is involved. The Administration and the Coast Guard will carefully evaluate the outcome of this testing in developing a new educational program.

Mr. Chairman, my staff stands eager to provide assistance in ensuring that educational programs are constructed which will best benefit the Coast Guard and the other Armed Forces. As the only military service external to the Defense Department, we also will work closely with the other DOD Armed Forces, to reach this goal. I support you in your efforts to provide educational assistance to military members and their family. I will be pleased to answer any questions which you may have for me.

Mr. EDGAR. Let me begin the questioning. I'm going to share some prepared questions with you initially, and then yield to my colleagues for their questions, and we will go around several times in the questioning.

If, at an appropriate time, we find that we haven't asked all of the questions, we may submit some of them to you for your response, for the record.

GI BILL LEGISLATION

The Reagan administration amendments to the fiscal year 1982 Veterans' Administration budget have no funds for a GI bill for

members of the All-Volunteer Forces, nor do they include any recommendations to pass legislation for a new GI bill.

We have heard no official word from the administration on this proposal despite the comments that were made by then candidate, Ronald Reagan, last Spring.

I have noted, however, that the Reagan budget would increase the Department of Defense appropriation for fiscal year 1982, by more than $27 billion. Almost $7 billion is for construction and it is presumed much of the remainder is for armaments.

But as General Meyer indicated, the Army needs qualified personnel to man and maintain the new equipment and systems for the 1980's. This is undoubtedly true with all of the other services, as you have indicated.

I notice the fiscal year 1982 cost of H.R. 1400 is only about $56.2 million.

My question is, what is the sense in a policy which spends billions of dollars more on buildings and armaments but not 1 cent for improving the capability and quality of personnel to man and maintain these weapons and armaments. In your opinion, and I'd like this to be your personal opinion, isn't an educational incentive program, such as provided in H.R. 1400, crucial for the 1980's in our effort to catchup, as is added billions in defense requests for the next few years?

Who wants to tackle that question about the comparison between armaments, construction, and education?

General YERKS. I suppose I will start off, sir.

Mr. EDGAR. General Yerks?

QUALITY OF PERSONNEL

General YERKS. I think clearly that the committee understands the Department's position, that the congressionally directed tests should be completed prior to submitting a formal proposal or educational package.

You have asked me my personal opinion and I shall offer it candidly. Being the Army's people chief, I have fought for years just trying to emphasize the fact that a gun is worthless without a quality individual behind it.

Some mention has been made of the Army of the future or the Armed Forces of the future, with modern weapons systems and so forth, and particularly I have had difficulty in the past, convincing many that the Army is a very technological service.

It no longer is an Army that marches down a dusty trail or a muddy trail. Yes, we do some of that, but we also ride down it, and the weapons systems are as complicated as the modern process, research and development process, can conjure up.

And we need quality people to man these systems. In my personal opinion, we need a comprehensive educational package to attract, in the future. There must be a balance between the people needs and the equipment needs.

READINESS

Readiness is not cheap. It just does not come cheap. And if we are to be ready, if we are to carry out the mandate in the oath to

the American people, we must put resources, a commensurate amount, into the people areas of quality life and education if we are to expect to bring on the type of individual which will provide this readiness.

Mr. EDGAR. Thank you. Admiral Zech?

Admiral ZECH. I believe that people are the strength of our Navy. As our Navy gets more sophisticated, as our Navy gets more technical, as our Navy increases in size, I believe that the need for quality people becomes increasingly important.

The Navy not only needs submarines, it needs aircraft, and it needs surface ships, but it needs quality people to design our submarines, our aircraft, our surface ships; and quality people to operate them, to build them, and to maintain them. When called upon, our Navy people will fight their ships, and I am convinced our Navy people will win.

In order to have a strong Navy, there is absolutely no question in my mind that the greatest edge we have on any prospective opponent would be our people. Our Navy people have been trained with the best training that we can provide. Our Navy people are motivated. Our Navy people are experienced. They know how to operate their ships and their equipment.

RETENTION OF PETTY OFFICERS

The biggest problem we are having in the Navy today is retention of our career petty officers. The Congress last year took a very important first step toward correcting Navy's retention problem. We have lost too many petty officers who have chosen to leave the service prior to serving a full 20-year career.

As the Navy's personnel chief, I believe that we in the Navy as well as the Congress, with the support of the American people, need to strengthen our Navy, which will contribute to strengthening the security of our country.

In my judgment, there is nothing more important to our Navy than to arrest the loss of mid-grade petty officers, and I should also add middle-grade commissioned officers.

Anything that this Congress can do in the way of strengthening the people situation in our Navy will contribute to the strength of our Navy and to the strength of our country.

STUDIES CONCERNING EDUCATIONAL BENEFITS

Mr. EDGAR. Thank you for that statement. There has been some talk in the press and in the administration that there should be no action on establishing a new GI bill until at least fiscal year 1983. These reports state that we should wait for some of the experimental studies to be completed and some of the other programs that were put in place to test the new GI bill concept.

In your personal opinions, can we afford to wait that 2- or 3-year period in order to provide a stability within the recruiting system that all of you have testified in support of?

We will hear from the Air Force, General Iosue.

General IOSUE. Thank you very much. There has been an awful lot done for the military in both the 1982 budget and the 1981 supplemental and 1982 amendment in terms of pay and compensa-

tion. And we are beginning to see the results of that right now; whether it is lasting or not, I can't say.

As far as a GI bill in 1982, positive trends in the Air Force today indicate we are picking up momentum and, if they increase, I would think they would sustain us through 1982.

What I am really concerned about is what happens. Now, whether it happens in 1982, 1983, or 1984, but what happens in the mid 1980's is of concern to me.

As I mentioned in my comments, there is a decrease in the recruitable population. We do need more quality than we have right now. We have seen what the GI bill of the past has done for us in providing more mental category ones and twos, for the Air Force, and a greater percentage of high school graduates.

I can say, without equivocating, that I don't think the tests will do anything for us. I think the tests are too narrow. In fact, I have cognizance over recruiting, and I don't understand it.

We have not advertised the test. The recruiters are confused by it. We have very few people participating in it. They don't have the information available in the field and, at best, it is going to take 4 years or more to determine whether the retention portion of that test will work. So, I think if you are waiting for the test, I think you ought to forget it. Maybe that money can be spent in a different manner.

If you are waiting for some other indicators, perhaps we should, I don't know. I can say that, 1982, it looks like we're going to enter 1982 with a momentum we have built up through 1981 but, beyond that, I have some difficulty in saying that we don't need a GI bill or some form of educational incentive to carry us on through if the All-Volunteer Force is going to survive.

RECRUITING CHANGES

Mr. EDGAR. That comment you made is very helpful to our hearing record. My final question before I yield the microphone to my colleagues who have questions as well is this: Have any of you brought with you a chart that describes the change after 1976, that is, the period of time leading up to 1976 and the period after we terminated the GI bill as we know it, and recruitment began to drop off, do you have any information, or a chart, or some material that could speak to that, or could that be made available for the record?

General IOSUE. I have a hand-drawn chart that I would submit or have you review, if you like. What it shows is that in 1974, the percent of high school diploma graduates that the Air Force recruited was about 94 percent. In 1975, it dropped to 92, all the way down to a low of about 80 percent, 82 percent, in 1980, and then starts back up again as a result of our improved recruiting environment.[1]

So, we've gone from—we've had about a decrease of 10 percent, old GI bill period versus what we have today. As far as mental categories, the GI bill period era of 1975 and on, we had 55 percent mental categories one and two; we are down to 40 percent today.

[1] See p. 120.

Mr. EDGAR. You don't have those mental categories available for Congressmen, do you?

General IOSUE. No, I don't have a chart for that.

[Laughter.]

Mr. EDGAR. Does the Army or Navy have any similar kind of information or statistics?

General YERKS. Yes, I do have a chart,[1] and I will submit it for the record if it pleases you, sir, and it gives a comparison, really, from 1974, when we were back in the GI bill era, and it compares the high school degree graduates by category one through three-A and so forth, and it shows at the height in 1976, and the withdrawal of the GI bill and the thrust downward in those accessions or those enlistments.

It also superimposes on those graphs, which might be helpful to you, the rise during that period in billions of dollars of the federally supported educational programs, which I think should have some concern of yours as you address this, as Mr. Montgomery, I believe it was, testified earlier.

There is no, obviously, no direct cause relationship that you can draw from this, but it is rather obvious as well, that as Federal program support went up, the take in the military and all services went down in high school degree graduates; and, of course, it's a long time line which clearly shows where the break is from the GI bill termination.

Mr. EDGAR. Thank you.

Admiral ZECH. I have similar data, Mr. Chairman, which I'd be pleased to submit for the record.[2] I would note, that it is important, when our data is reviewed, to recognize that the Navy made its recruiting goals in 1976, but did not make them in 1977, 1978, or 1979.

One of the reasons we did not make the recruiting goals is that we had emphasized quality and, therefore, you will note that the high school graduates increased in those years. Although the percentage of high school graduates did increase in those years, it increased at the expense of our not making our recruiting goal. That was a deliberate policy on our part to go for quality and accept the loss in overall quantity.

Mr. EDGAR. Thank you. I have additional questions, but I'd like to yield to our chairman, Mr. Montgomery, for questioning at this point.

ADMINISTRATION OF GI BILL

Mr. MONTGOMERY. I will be very brief, Mr. Chairman. It would seem to me that our personnel chiefs this morning would have no objections if we did pass a bill such as is before you today, that would be continued to be monitored and administered by the Veterans' Administration which they have done over the years, under GI education. You have no problems with the Veterans' Administration administering the program?

General BRONARS. Mr. Montgomery, I would support both funding and the administration of the GI bill program that you have

[1] See p. 121.
[2] See p. 122.

described as H.R. 1400, by the Veterans' Administration. I think that's where it belongs.

Mr. MONTGOMERY. General, actually, to be fair with you, the Veterans' Administration would pay part of the funding, but some of the heavier costs would be borne by the Defense Department at a later date, unless we could work where we have the other funds that are going on education programs through the Department of Education, would be transferred over that would certainly help in the Defense Department budget as well as the Veterans' Administration.

It is something to look into, and I know Mr. Gramm, of the Budget Committee, and I've talked to him about this situation.

General BRONARS. I certainly endorse your comments on that. It appears to me that for any educational assistance program to be effective in attracting quality young men and women into the service and then retaining them, it would have to be substantially better than what is already available to that age group in already existing programs requiring no commitment to serve their country in uniform. Another solution would be to constrain the funding available for the grant and loan programs that are already available. You either have to go one route or the other; otherwise, a young man or woman, who is not particularly desirous of serving in uniform, would choose the grant and loan programs already in existence.

So, I think it is an area that Congress should look into very carefully to determine what interface there should be with those already existing programs and the contemplated GI bill.

Mr. MONTGOMERY. Thank you. I have only two more comments. General Iosue, I think your testimony helps us a great deal, where you say that the test programs are just floundering out there, and I'm part of the guilty ones who brought that forward in the Congress, but I believe I could safely say the House Armed Services Committee would have no problems with doing away with this test if you thought you could get better results from one solid GI education bill.

TURNOVER IN TRAINING

My other comment is to General Yerks about the turnover in training. Mr. Chairman, that's a tremendous cost to the Army and to the military. We bring these people in and we train them and we keep them and then we lose them because they can't adjust to the service, or we lose them after 6 years of really good technical training, and I think it would be a good cost-saving if we could get the quality people into the service at first, and after we get them to keep them, would save the military a lot of money because I think $1 billion this year will be spent on attracting people into the service, just trying to bring them in. It's a heavy cost at the front end, not only after you get them in.

Thank you, Mr. Chairman.

Mr. EDGAR. Thank you, Mr. Chairman. Congressman Jeffries?

Mr. JEFFRIES. I just have a comment or two, but regarding the Regulars and Reserves—and everyone has stated here that an educational program of a type like this will aid in bringing people into the service and retaining them.

I guess for my own information then, I want to carry that just a step further. Do you feel that this is going to be enough? Are we still going to be down on our Reserves? Do you feel a program like this will be sufficient, or will we have to go a little further? Just personal opinions.

General YERKS. I'd like to volunteer a statement on that, sir. If I can address—I think, as the comments were made here earlier, the Congress needs to address an educational package across the total force, Active and Reserve.

In the Army, we have some 55 percent of our combat forces in the reserve component. Now, these are the combat forces that are to fight that next war if it comes, so it is very essential that we maintain our Reserve component commensurate with our Active Forces.

Now, any proviso in a legislative package, educational package, I think, should recognize this fact, and I would say that there are some limiting factors in the bill which you are looking at at the present time, H.R. 1400, where you need to have active duty time prior to getting eligibility in the Reserves.

There is a very fine, large group of patriots in this country that, due to family situations or environment or what have you, are attracted into our Reserve components, are great soldiers, will fight if the time comes, but they just cannot find the time or the circumstances agreeable to them to come in for active duty.

And I would suggest that you consider that if we are to man our Reserve forces, that you would consider somewhat liberalizing the provisos that address and put a requirement for active duty prior to receiving a benefit for the Reserve component.

Are we going to get there? I just feel we have to take some steps like an educational bill, to find out if we can get there. I think our society is such that we are, our Nation, is not ready to take a draft step, and I think it is just essential that this educational package be put into an entitlement. It certainly will aid in reaching levels, decent levels in our Reserve component.

Mr. JEFFRIES. That's what I was driving at. Chairman Montgomery is an advocate of draft and believes in it thoroughly, and I was just wondering if we could get your viewpoints on that same thing, too. Is this an interim step, or do we have to—if you felt that eventually, despite everything, we're going to have to go that route, universal military training, whatever you want to call it, is this going to be mandatory to bring our readiness, our abilities, and so forth, to adequately defend ourselves, is what we are going to have to do.

General YERKS. We have one account, sir, that is particularly difficult to me. Our Active Forces with the incentive programs and, hopefully, a single educational program, our Reserve components with the incentives and so forth that we are putting in to them now, shows signs—and these are the units, troop units—shows signs of real health, but we do have this massive requirement upon mobilization in the individual Ready Reserve and this pre-train manpower pool, which is in deficit now to the tune, in the Army, of about 250,000 people, and it is something that, clearly, we must

focus on if we are talking about the total force of the total Army, we have to focus on that deficit in the individual Reserve accounts.

Mr. JEFFRIES. Any other comment? Does everybody else concur?

Admiral ZECH. The Navy would certainly support provision in an educational bill applying to the Naval Reserve. It would be very helpful.

Mr. EDGAR. Would the gentleman yield? I think the question is a good one and, General Yerks, you have mentioned that you have some slight disagreements with the provision in H.R. 1400 which relates to the Reserves.

LEVEL OF SERVICE FOR EDUCATIONAL BENEFITS

I wonder if each of you would submit for the record what might be an appropriate level of service short of active duty status, that might be written into the legislation that would assist you and help you in the area of your Reserve Forces.[1]

It is sometimes difficult for us, not being experts on the different aspects of military service, to know what would be a legitimate cutoff time and period while not simply giving the store away, and it would be helpful if you would submit that for the record.

Any other comments?

Mr. JEFFRIES. I don't believe I have any, unless there's anybody else that wants to answer that question. The thing, I think, that I'm driving at, very frankly, I believe in this bill, I think it is very good. I think it is a help. For myself, I'm just wondering, are we going far enough. That's the point of my question, and I think if you have all answered that, well, then that's all, unless you have something to say.

General BRONARS. I would just reinforce it. We need the same type of quality individual in the Reserves as we do in the active duty forces. I do believe that some differential type of entitlements that are available to the Reservist. This differential should be maintained in any bill that is ultimately passed because of the different commitment of the young person coming on active duty, and the young person staying in his hometown and going to a monthly training period. So, a differential should be maintained; however, it is absolutely mandatory that we have a provision for educational entitlement for our Reserve personnel also.

Mr. JEFFRIES. Thank you very much. No more questions, Mr. Chairman.

Mr. EDGAR. Thank you. Mr. Daschle?

EDUCATIONAL ASSISTANCE TEST PROGRAM EVALUATION

Mr. DASCHLE. Thank you, Mr. Chairman. General Bronars, I'd like you, if you could, to elaborate a little bit more on the educational assistance test program you said the Marine Corps is currently participating in. When do you expect a formal evaluation of the effectiveness of this program, and could you elaborate a little bit more to the subcommittee on the merits of the program as you see it today?

General BRONARS. As the committee knows, the Marine Corps represents only a small portion of the total population of our

[1] See p. 129.

Armed Forces. We are participating in the test program which was initiated for some of the services in December. The Marine Corps commerical participation in January.

The test is to continue through this fiscal year, and would terminate, as I understand, on October 1. There are three different sections of the law that established and mandated the test program; one is section 901, which provides for a test in certain geographic areas of our country.

As far as the Marine Corps is concerned—and I can correct these for the record if my recollection is inaccurate—but I believe 11 out of our 47 recruiting stations participate in section 901, which basically provides for an opportunity or an option for the individual that is considering service on active duty, for a tuition grant of a maximum of $1200 a year and a subsistence grant of $250 or $300 a month, for a total of 36 months, if he gains that entitlement by serving on active duty for 36 months.

That appears to be the most popular part of the test, as far as the Marine Corps is concerned.

The second section of that test program is a loan forgiveness provision that would allow individuals who already participated in some educational assistance program while a civilian, to come into the military, commit themselves to service, and get loan forgiveness for that which they have already obligated themselves to the Government.

That can be applied with either section 901 which I described, or section 903, which is the last provision. Section 903 is applied and, again, in certain geographic areas different than 901. As far as the Marine Corps is concerned 11 of our 47 recruiting stations participate in this portion of the test.

It provides for a noncontributory entitlement of a maximum of $8,100, depending on the length of commitment to active duty. For some reason or another, this section has not been very popular in the Marine Corps.

There is a second phase of the test that is to commence on April 1, which is aimed at retention. And this part of the test would provide similar entitlements to section 901 and would become available to an individual upon reenlistment in certain designated occupational fields. It is going to be some time before we get the results of the phase 2 test.

Mr. DASCHLE. Are you doing a constant evaluation of the program, or are there going to be certain times throughout this fiscal year that the evaluation is going to be made and reported?

General BRONARS. We are monitoring the program very closely, and, hopefully, by the end of the fiscal year, we will have some insight.

As I understand, there is some intention on the part of the administration and the Department of Defense, to ask for a continuation of the test program beyond October 1, of this year.

Mr. DASCHLE. You all have a——

Mr. EDGAR. Would the gentleman yield at that point? What is your personal opinion of extending that test period, as opposed to instituting a new GI bill?

General BRONARS. My personal opinion is that I question whether we are going to get any solid evidence out of the test that is currently being conducted.

The other three services are applying the education entitlements along with our normal reenlistment bonuses. They have had considerably more success than the Marine Corps has, but it would be difficult to determine whether the enticement for enlistment resulted from the enlistment bonus or the educational entitlements.

The Marine Corps has not combined the enlistment bonus with the educational entitlements because we felt we could get a purer insight into the attractiveness of an educational entitlement. And as I already indicated, our results are limited to those 11 and 14 recruiting stations where we have been conducting the test. Over the period January 1 through March 11, 111 individuals have signed up for the program.

Mr. DASCHLE. What has been the cost of the program? Do you have a composite figure with all the services?

General BRONARS. $75 million has been devoted to the program. As I recall, $65 million of this is committed to phase 1, which is the recruiting portion of the test, and $10 million is earmarked for Phase 2, or the reenlistment option.

EDUCATIONAL ASSISTANCE TEST PROGRAM PARTICIPATION

Mr. DASCHLE. What indication do we have right now on participation? Do you have any kind of participation levels?

General BRONARS. As I indicated, 111 individuals have opted to participate, the vast majority for section 901 and three or four for section 903.

Mr. DASCHLE. But in a composite, is that about what you are experiencing? Frankly, that seems like somewhat of a low figure. Are you satisfied with that figure?

General BRONARS. No, we are not, and we are continuing to advertise locally in those recruiting stations' geographical parameters. We hope to increase participation.

We are also contemplating, because we are disappointed in the lack of success that we have achieved in the Marine Corps, combining the enlistment bonus with the test educational entitlements. This seems to be more successful with the other services.

Mr. EDGAR. Admiral Zech?

Admiral ZECH. If I may add to that, as of last week, we had 1,095 Navy enlistees in the phase 1 program that have met the eligibility requirements for the test program. I believe an important fact to note is that the 16 of the recruiting districts which are participating in the major portions of the test have increased their nuclear field production from 94.6 percent of goal for the 2 months prior to the test, to a figure of 142.8 percent during the months since implementation. This is an increase of 48.2-percentage points of their goal.

So, what that has told us so far, in the early stages of the test is that the educational benefits are helpful in attracting high quality recruits.

Mr. DASCHLE. Any other comment on that?

General YERKS. One of the difficulties in the test that we are experiencing now is, as Ed Bronars has mentioned, the various

sections break out into cells, to four separate cells, across the country, and it is very difficult to advertise because you go across geographic bounds.

For instance, the most popular program, the mini-GI bill as it is called in cell C, is offered only in 15 percent of the Nation. So, with that, although that is scientifically designed, it is difficult to get any national TV advertising and so forth, because it would not—it would violate the scientific formula if it went on national TV because it would break in across the Nation.

So, this is one of the reasons why we are just having extreme difficulty in administering a test and of questionable value when the test is over with.

ENHANCEMENT OF VEAP

Mr. DASCHLE. Let me ask one other question, Mr. Chairman. The VEAP has been less than successful in, I suppose, all of the services. If we don't pass H.R. 1400, it looks to me like one of the options we would have available to us, would be to enhance the VEAP to make it work better.

My figures estimate that in the Army, we had 30-percent participation rate and, in the Marine Corps, we only had an 18 percent participation rate.

That is a substantial difference but, in both cases, not necessarily all that admirable participation. Can you give me what your suggestions would be, especially in the Army or the Marine Corps, in regard to the improvements to the VEAP program that we could make, assuming that H.R. 1400 would fail?

Admiral ZECH. The Navy figure is 27 percent.

Mr. DASCHLE. 27?

Admiral ZECH. Yes, sir.

General YERKS. I would have to submit that to you, sir. I do know that we have a participation rate now of 36 to 40 percent, but you find that that also shades something, and that is the attrition rate within the program, although we have, as I say, a 36 percent participation rate. We also have a 48 percent attrition rate from those that get into the program because those soldiers in the lower income bracket have real difficulty financially contributing to the program.

And even with the reduction to a lower scale, $25 or $50 a month, to a young soldier, is just an enormous amount of money and it is, quite often, the difference as to whether or not his family is going to eat that month.

So, consequently, you can't just look at participation, but look at the attrition thereafter, which is an additional 48 percent in the Army. And that is why, in our judgment, the VEAP programs have just not been as effective as we would like them to be.

Mr. DASCHLE. General Iosue?

General IOSUE. Let me give you a more startling figure. The Air Force participation rate is 6 percent.

Mr. DASCHLE. 6 percent?

General IOSUE. Only 6 percent, and I don't know what number dropout. That is the initial participation. One of the problems, as was mentioned by General Yerks, is the fact that you are taking about close to one-fifth of the basic pay away from that airman

when he participates in the program, and he can ill-afford to put aside that much money for a future educational benefit.

Of people coming in, 15 percent are married; 25 percent are married by the time they complete their first term of enlistment, and they can ill-afford to take that much money away from their families, so it isn't working in the Air Force, and it is working much less more successfully than it is in the other services than it is in the Air Force.

Mr. DASCHLE. So, we're going to have to either improve it dramatically or take it out entirely?

General IOSUE. I think the biggest improvement you could make would be to make it noncontributory.

General BRONARS. I feel obligated to add a little additional statistics. The Marine Corps has been improving its participation in the VEAP from its inception in 1977. I just received yesterday the statistics that were compiled for calendar year 1980.

In calendar year 1980, we had approximately 40,000 new accessions. Of these, we realized 20,000 new enrollees in the VEAP. This shows a continuing increasing trend in participation in that program. So, in all fairness to the program, I have to say that the Marine Corps has been showing an increasing trend.

Mr. EDGAR. I'd like to thank you all for coming before the subcommittee this morning. Your testimony and your assistance in helping us make these difficult decisions is very, very helpful, and I appreciate your time. Mr. Smith, from Oregon?

USE OF GI BILL

Mr. SMITH. Mr. Chairman. Gentlemen, I am curious, how many people, and maybe you don't have these figures, have used the GI bill, say, out of World War II, versus Korea, versus Vietnam, and, in particular, the Vietnamese use of the GI bill by service because I think one of the things——

Mr. EDGAR. If the gentleman will yield? That material will be supplied for the record, and I appreciate that question.[1]

ARDUOUSNESS OF EMPLOYMENT

Mr. SMITH. Okay. One of the things that I'm concerned about here is that we—Mr. Edgar brought up the fact that the administration has a huge increase in cost of DOD and the use of guns versus personnel butter, I would suppose, and one of my problems here is that with personnel, if you overuse personnel just like you overuse equipment, you are going to have to give them some time to R. & R.

And I think one of the things we have definitely done in the last few years is put a great deal of pressure through rotation, through deployment, on the active combat units where you have real problem retaining people if—in the Navy, Admiral, you mentioned that you were having a difficult time—you're going to have trouble if you keep a guy on three rotations or three deployments in a 4-year period.

And in the Air Force, I was in a TAC fighter outfit, and it was very difficult, it was tough on everybody. And we knew that, every-

[1] See p. 135.

body else knew it, but when you run a guy through the meat grinder and he's got problems at home and, suddenly, he finds out that his replacement is not coming and he is going to be deployed for an additional 4 months, I don't care what you do for educational benefits, the guy's worn out, he's tired of being in East Timbuktu, living in less than ideal situations.

And so, I really question how much money we can put in an up-front situation when you've got a master sergeant that's qualified to maintain a fancy airplane or that type thing. Where are you going to draw the line between maintenance of personnel and giving him mere educational benefits that are going to be 20 years from now? That's the real question we have to get at in trying to get somebody to come in.

You get somebody who is happy with the service, but then you overuse them, and it won't make any difference what you have. I'm curious about your personal desires and, one question, does the Coast Guard have any better retention because of the problems with having their people at home as opposed to deployed and over used?

So, maybe if you could respond to what your feelings are about that, just generally about the service, first?

Admiral STEWART. Well, sir, if I may respond specifically to your last question concerning the Coast Guard, while we don't have the same pattern of deployment as do the other military services, there are a fair number of our people that are outside the continental limits of the United States, on Coast Guard business, and so I don't think a 6-months deployment to the Antarctic is exactly what I would call a Sunday school picnic.

So, we have the same problems that our sister services do with respect to the retention of our people because of the arduousness of their employment, which I think was basically your question.

Mr. SMITH. Anyone else want to respond?

General IOSUE. I'd just like to comment on the statement you made about overusing people. The reason we overuse people is because we are short of our authorized pilots, authorized navigators, authorized NCO's.

And what it means is that there is a very, very delicate balance between overseas requirements and CONUS requirements, and anytime you are short, then the other individual has to go back, that one remaining onboard has to go back for a second tour, and that means one, or two, or three remote tours during a career.

And how do you correct that? You correct that by retention. You retain more, and an educational incentive will certainly help retain people, then we don't have to send that individual back for another remote tour.

Mr. SMITH. Well, that's true, but in the instance of your officer force, most or all of them are already college graduates. Their degree of use of an educational benefit—that's one of the reasons I asked the question about the Vietnamese use of educational benefits because I know, personally, I never have used mine, and I guess I am no longer eligible, but I wonder how many people really in fact used it as an educational benefit.

I think we are talking about money, and now, and here, and not overusing people, and the way—I'm afraid we are building in some-

thing that ultimately is not going to help, and it is going to be just another dollar drain.

I would be more inclined to—and I don't know. I'm asking the question, if you are overusing the officer corps in some of these areas, an educational program when they already have a college degree is not going to help them.

Mr. EDGAR. If the gentleman would yield. I think the statistic on Vietnam was 65-percent usage. I believe that the statistics would confirm the fact that many of the people who served in that conflict were not college graduates, and may not have had the benefits of the senior officer corps. They may have needed those benefits for basic education, basic college courses once they left the service but that information can be supplied for the record.

Mr. SMITH. What's the difference between the officer and the enlisted corps, in the use of the GI bill in Vietnam, do you have that, by chance?

Mr. EDGAR. I don't think we have it here at the desk, but someone could make that available to you. I think that would be helpful to you, particularly in seeing how the G I bill was utilized and by what groups and for what purposes.

Mr. SMITH. But another educational program —I mean, obviously, when it is a contributory program, even with your new people now in the VEAP, I can well understand their pay is not great, and they are looking a long way down the road, in a 4-year period of time, to even get to the point where they can use the educational benefits, and I really question whether that is their incentive.

How much of an incentive do we have to put in there to make it the reason that they join?

General BRONARS. I would like to comment from the perspective of the Marine Corps. We are not experiencing a retention problem in our officer corps, except in the pilot community. This is a problem in all the services, primarily because the airlines were hiring and commercial aviation is continuing to hire.

So, we are concerned about our retention of pilots, but overall retention of officers is not a problem. Our primary problem is retention of our middle grade non-commissioned officers who are our small unit leaders and our supervisors in our various maintenance programs. It is to that group that an educational benefits program, or educational assistance act, would be most appealing. It would help solve one of our most difficult problems.

The provisions in H.R. 1400 would attract young people to come in the service to earn educational entitlements. The opportunity to expand those entitlements or to enhance those entitlements through a reenlistment option will keep them on in service.

Following that, a lot of them will be thinking in terms of family. The ability to provide for the education of our children is one of those things that we all must face. Ensuring that will be a major career incentive to stay on for the 20-plus years that we would like to retain our quality people in the military.

I think that type of package will accomplish the objectives it was designed to accomplish, and will be a primary incentive for the enlisted population rather than the officer population.

Mr. SMITH. Well, the airlines are now furloughing across the board, having had a little bit to do with that, so I think the pilot

retention will probably be better. And I see by Aviation Week, that you are rehiring for short contracts, people back in that are qualified in current equipment.

The noncoms and the supervisors, I can well understand, but isn't a great deal of the problem there the fact that they are highly qualified technicians and they can move to industry with higher pay and they don't get hassled with deployments and rotations? I mean, that's just a continuing problem that you have.

Admiral ZECH. I'd like to answer that question, if I may, Mr. Smith. You are addressing a problem that the Navy has and I would like to confine my remarks just to our enlisted community.

You rightly state that we are keeping our people at sea for long periods of time because of our shortages of petty officers. We are extending our people on sea duty longer than we had planned, cutting their shore duty short as well as taking people from one ship and moving them across the pier to another ship—cross-decking, we call it—when we have to in order to deploy a ship properly manned. These are all features that really have a counterproductive impact on our retention efforts, and we fully recognize that.

We do that because we have to. We recognize that we're going to suffer some consequences in retention. We are addressing these problems in every way we can within our own means. However, as you well know, increased compensation to make the service life more attractive has been one of Admiral Hayward's—Chief of Naval Operations—primary initiatives, especially during this past year.

We recognize that the No. 1 problem we have is our petty officer shortage. The No. 1 cure for that problem is to solve the compensation issue.

We also feel a properly structured GI bill would be helpful and would be very useful in retaining these people. That's why we look favorably at a transferability clause, which would permit transferring benefits to one's dependents, as useful in the retention effort. We are also interested in a tiered stipend approach in the bill. This approach would increase the retention impact from any education bill.

It not only should have, in our view, a recruiting attraction, but it should very definitely have a retention incentive through a tiered stipend system as well as a transferability clause. These are features that we feel will not necessarily be a cure-all but will be very helpful as an addition to compensation improvements in keeping these very technically qualified people from leaving before a full career.

Mr. SMITH. Yes, Admiral. You know, one of the things that I really would believe in is a tiered system because, once you get to the point where you have a lifer, so to speak, where the man is committed to staying on for his full career, it would look like what you are after, you've already got the petty officer at 12 to 14. If you can at least keep him happy with pay, but what you need is the ongoing flow of qualified people from 6 to 12 years where you are really going to keep them and enhance that area.

As far as rotating people into sea duty and continually having to jump from one ship to another, I view that as a difficult chore. We had it in the TAC business, and I know you have it. It's got to be

difficult in the submarine and some of the other difficult areas, and I really question, except in certain tiered areas, whether this bill or any bill is going to solve the problem. You need to have the current ability to transfer income and lifestyle to these people. I don't know, it is a real tough situation.

Mr. Chairman, that's all I have. Thank you.

Mr. EDGAR. The time of the gentleman has expired. We will move to the gentleman from Texas, and then shortly thereafter, we will move to Senator Armstrong, who is present in the room. I apologize for not having the opportunity to bring this forward earlier. Let's move to the gentleman from Texas, Mr. Gramm.

Mr. GRAMM. Mr. Chairman, I think there are really two issues involved in the debate of H.R. 1400. The first is, do we need new incentives to induce people to come into the service and stay there?

I think that issue can be clearly set aside as being an unequivocal "yes". We need to do something. We have a recruitment and a retention problem.

The second issue, however, is one that has been totally unaddressed here today, and that is: Is this the best way to do it? And I have real doubts about it.

I'd like to explain to you why, and I think Mr. Smith came very close to touching on the point I want to address through my comments and my questions.

Basically, we are dealing with the question of whether we can induce the behavior we want, in this case, joining the service and staying in, by rewarding people in the future through GI benefits versus rewarding them in the present by current compensation.

Every one of you gentlemen has said this bill will help. That is not really the question. The question is: Is this a better use of the taxpayers' money than we might make by spending the money in another way.

Let me express my initial reservation and then get a response from those of you who would like to respond.

My reservation is basically this: We are dealing with people in our society, young people—18-, 19-, 20-, and 21-year-olds—who have clearly demonstrated in test after test, that they have what economists call high time preference—in other words, they are present oriented. They have very high discount rates in discounting some future flow of goods and services, and I will give you a very simple example.

In my 12 years of teaching at Texas A. & M. University which is the largest ROTC school in the country and provides more officers than any service academy, my money and banking classes for 12 years, carried out, basically for general interest, a study of what the discount rate of the future by college juniors was. In other words, what—in order to get the same response a year from now, what do you have to give them today versus what you have to give them a year from now.

I don't think you will be startled to learn that students in this age group at Texas A. & M. University, who had already demonstrated a low time preference by being in college in the first place rather than going out and going to work, have found a consistent discount rate of the future of between 40 and 60 percent. That is,

these people discounted a dollar a year from now, as being equivalent in value of somewhere between 40 cents and 60 cents today.

Now, what that means in terms of that kind of discount rate is that if you are going to give somebody a dollar 4 years from now and they've got a 60-percent discount rate, its present value is 15.6 cents.

If they've got a 40-percent discount rate, then the value of a dollar you are going to give to them 4 years from now in terms of that current behavior is 17.9 cents.

I would assert that your low participation in the VEAP's program is an important indication of this high time preference that exists among young people, documented by hundreds of studies in recent years.

And I would submit, therefore, and my question is, what makes you think that we, as the society, in trying to induce positive behavior from those in our society who probably have the highest time preferences of all, can induce more positive behavior by spending money rewarding them in the future, versus spending the same amount of money in direct compensation and regarding them in the present?

General BRONARS. I don't have a philosophical answer. I would base an answer only on past experience, and that was the experience that we had relative to the Vietnam era GI bill.

Mr. GRAMM. We drafted people in the Vietnam era.

General BRONARS. No, this was beyond that. In other words, we had a Vietnam era GI bill that was in effect until December of 1976. At that time, we experienced a very heavy flow of young people trying to come into the service, to take advantage of the GI bill before it expired. This indicated a desire on their part to improve their life through education and to gain the entitlements that went with that legislation that was about to expire.

Mr. GRAMM. If I may, I want to try to pin down what we are doing here. You are saying that that behavior indicates that they valued the educational benefits, and I don't disagree with that.

The point I am asking is, is it valued relative to what it costs in terms of revenue outlay by the Federal taxpayer as compared to that same amount of money being spent on direct compensation?

General BRONARS. Well, that's a difficult question to answer also, but I would subscribe to the view that Mr. Montgomery expressed in his opening statement; that past GI bills have probably returned more revenue than the Government invested. In other words, the higher earning power of the individuals that participated in that program over the years probably, in a quantum way, returned revenue to the Government far in excess of the investment the Government made in the education of people that wouldn't have had that opportunity.

And you know, many of your friends that participated in the various GI bill programs that we have lived through—that is, World War II, Korea, and Vietnam—that, indeed, have become successful and have incomes on which they pay high taxes. They probably wouldn't have had the opportunity to go to school if there wasn't such a program.

From a cost-effectiveness standpoint, logic tells me that the investment at this time will pay great dividends to the country in the

future, not only in terms of money but in terms of the strength that they would bring to their communities, whether they stayed in service or not.

There is a lot of value to the type of educational benefits that we are talking about, that are difficult to quantify, but logic tells me that they are there.

Mr. GRAMM. Anybody else want to——

General YERKS. I would just add very shortly, sir, that I'm not sure that I share your opinion that everything can be related to a dollar figure and a discount rate.

I sincerely believe, from reviewing surveys and so forth in our recruiting business, that there is an attractiveness to wanting to be better, wanting to better oneself, and I say this in our advertising campaign which we have embarked upon here this year, based on some rather extensive market surveys, our theme being, "be all you can be," goes back to a route that showed high school graduates are very sincerely interested in getting a college education, and there is a binding, growing, binding again of parent and young man or woman, to addressing their future and basing it on getting better, being better, being all they can be, and a very important part of that being is to get a college education, not a dollar grant.

We found that in the bonus program, that at least the surveys, unscientific or as scientific as they might be, the bonus appeals to the individual who wants to go out and buy the car whereas our educational programs attract the high school graduate that has a little longer look-see, a little longer vision, and that is the type of individual which we are trying to attract into the services today.

Admiral STEWART. Mr. Chairman, if I may. One other thing, sir, let's look at two different kinds of audiences when we ask that question. The first, obviously, is the person you are trying to interest in coming into a military service.

They are young people, very similar to those college students which you were looking at at Texas A. & M.

Let's also look at an older population, and when you look at that, look past 5 years of service and you've got a different breed of cat, I submit. You are looking at an older one, a person who has already got skills, a person that is interested in doing something else besides that high discount group that you speak of.

And I maintain—and I think listening to a few thousand Coast Guard people over the last 3 years might not be a scientific survey, but it was very interesting listening—and I believe those people are very interested in two things. One, either benefits for themselves at some later date, after having a satisfactory career in the military service or, two, vesting that in their children.

And one thing I will say, sir, from my experience, the one thing that is driving them out right now is December 31, 1989. That is the biggest reenlistment disincentive the Coast Guard has, because they are getting out to take advantage of that GI bill, not staying in with the promise of having it some later date.

Mr. GRAMM. Let me, since we are holding up a member of the other body, who I know has a schedule at least as busy as ours, just simply point out some additional problems very briefly.

The first factor I am concerned about in terms of inducing the response that we want people to join the service is that in weighing

this benefit versus current reward, they are looking at a current reward that is in dollars if they can choose what to do with it, versus a future reward that is tied to a specific use, and that is education.

My second point is that under our current loan and grant program, which is the fastest growing element in the Federal budget right now, they are going to get those things free if they are needy.

Unless we can take steps to reduce our current programs that are available to the general public, then the inducement to respond to what we want is going to be greatly reduced by the fact that those who have relevant information, and they've got counselors in every high school in the country telling them that "If your parents don't have incomes beyond the level which is now approaching $20,000 per family, that you can get all types of assistance in going to college", is going to have relatively little impact.

My position is basically this: If we can fund this program by taking money away from the Department of Education where they are giving benefits away without asking for any kind of productive response, then the country is clearly better off.

Admiral ZECH. May I just add to that, sir, that it is my personal feeling that people serving in the uniform of their country should have priority in the distribution of whatever educational assistance is available.

Mr. GRAMM. Well, I agree with that, and not only did I go to school under the GI bill, but every member of my family did. I would like to see any studies that you have regarding the problem of whether or not you induce the behavior you want by current pay versus a future benefit, anything that you have done in looking at that problem because my interest is simply this: I want to get more people into the service and I want better people.

The question is not whether we want to do something about that, it is how do we want to go about doing it. I simply want to be sure that we get the maximum response for the dollar that we spend. That is my interest.

General BRONARS. Mr. Chairman, can I put a footnote just to that thought? I agree that a good percentage of our young people probably discount future benefits, but the fact is that we are trying to appeal to quality individuals to join our services and serve their country in uniform.

It is that quality portion of our young people that we would like to attract. It is that quality portion intent on bettering themselves through education that are already taking advantage of the current educational benefits programs that are available. We would like to attract them to come in and serve their country either for a few years or for a career.

Unless we have something that induces that quality young man or woman to come in, we will never realize the benefits of their service and contribution to national security. I think it is an important issue.

Whether the percentage of young people that value future educational benefits is 25 percent or 20 percent, or 30 percent, is immaterial. We want to attract them to come into the service because they are the ones that can provide the leadership that we need so desperately.

Mr. GRAMM. Thank you, Mr. Chairman.

Mr. EDGAR. The gentleman's time has expired. I'd like to thank all of you for coming and sharing your honest personal feelings about H.R. 1400 as a retention and recruitment tool. I want to thank the members who have shaped some of the questions. I think it has been a very productive session.

I do have some questions that I will be submitting to you for the record, which relate primarily to trying to focus the different provisions of H.R. 1400 so that as we move toward markup, we will have some data as to your reactions to this legislation.[1] I would, before I dismiss you, encourage you to have some active conversations within your services up and down the line, particularly with the civilian people in the Department of Defense who have come online recently. They will have a lot to say about how the administration handles this particular issue. And I think you can do a lot of teaching within your own services to those new people as they come in, and ask the question, how do we retain and recruit. I hope you will do this with as much eagerness and foresight as you have this morning in your testimony.

I'd like to thank you for coming and look forward to hearing from you in the future.

I'd like to call now our colleague from the other body, Senator Armstrong. Again, I'd like to, as he comes forward, apologize for having him wait. We understand his time schedule and I'm sure he can understand ours. We appreciate his willingness to come and testify today on S. 25, which is his version of H.R. 1400, on the Senate side.

Welcome to the House side and welcome to these hearings. We've had a productive morning and we look forward to hearing from you in your testimony, and you may proceed. We will make your formal statement a part of the record, without objection. You can proceed as you see fit.

STATEMENT OF HON. WILLIAM L. ARMSTRONG, A U.S. SENATOR FROM THE STATE OF COLORADO

Mr. ARMSTRONG. Thank you, Mr. Chairman. I want to thank you for the opportunity to be here. Particularly, Mr. Chairman, I'm not only grateful, I am enthusiastic about the work that the committee is doing because it is my understanding that you have announced a timetable for bringing the GI bill to the floor of the House, and I'm going to go back to the Senate and report that you have announced that, and I hope that our committee will take that as a challenge, and that they will attempt to match or perhaps even to exceed the schedule you have set.

I personally think that the enactment of the GI bill is about the highest priority thing that we could do in terms of military personnel, and while this is the year in which we are going to hear a lot of talk about the B-1 bomber and the MX missile and rebuilding our shipbuilding program and the neutron bomb and all of the other things which I, by the way, intend to support, I am absolutely convinced that we are shoveling smoke if we think we can strengthen the defense of this country without making some fundamental, basic changes in the personnel structure of our forces, and

[1] See p. 123.

I believe that view is widely shared in this committee. I only state it as a matter of emphasis of the importance of this issue.

Mr. Chairman, the issue of military personnel is deeply divided into two parts, recruiting and retention. Contrary to some of the testimony here this morning, I do not personally view a GI bill as a very efficient means of assuring retention.

It has some retention side effects, but the bill which Representative Charles Bennett and I have introduced and in which we are joined by at least 17 of my colleagues in the Senate, emphasizes the need to recruit not only larger numbers but, far more important, higher quality personnel to come into the service.

Now, as I will point out in a moment, it does have, over the longer run, some retention aspects to it, but I think it would be a mistake for this committee or for the Congress to emphasize that aspect of it because, in my judgment, after studying this at some length and talking to people in uniform and military sociologists in the private sector and others who are knowledgeable in this, it is clear to me that a GI bill, important as it is, is no substitute for a pay raise, and I think that we have got to, as a policymaking body, plan on giving military personnel a substantial pay raise.

I think it is disgraceful what we have permitted to happen to our men and women in uniform during the last several years. Nor do I think a GI bill is a substitute for restoring to people in uniform the kind of status that they deserve.

An impression has grown up, and I'm glad to note that this trend is turning around, that somehow if you are in the uniform of your country, you are a second-class citizen.

In the years immediately following Vietnam, that was especially prevalent. I think it is turning around and I think we must do everything we can, institutionally and as individuals, to restore that kind of prestige and status and to let our servicemen and women know that we really care for them and value the contribution that they are making to the security and safety of this country.

Nor do I think that a GI bill is a substitute for having the kind of in-service career opportunities, the opportunity for a meaningful, challenging, enriching experience in the service of their country.

So, what I am proposing and what Representative Bennett has introduced as H.R. 135 and 18 Members of the Senate have introduced as S. 25, the GI bill of 1981, is a model for a GI bill which is primarily recruitment oriented and is intended to provide the maximum benefit in bringing higher quality personnel into the service at the lowest cost.

It seems to me, Mr. Chairman, that there are three elements for a successful GI bill model. First of all, it must be something simple. We are talking about recruiting high school students and people in their immediate post-high-school years, it can't be very complicated. It's got to be something that a recruiter can explain in persuasive terms to a person of that age group.

Second, it must be an entitlement. It can't depend upon the action of some future Congress to appropriate or to legislate. It must be something that is, in fact, a promise, a contract.

Third, it must provide, in my judgment, an early vestment of a substantial benefit, and in a moment I would like to describe the

benefit structure in our bill, but it is important that we are talking about something which happens soon. It goes, in part, to the point which Mr. Gramm made a moment ago, that if it is very far in the future, it tends to be discounted.

I would note, Mr. Gramm, that the kind of people that we are seeking to attract, that is, the upward mobile, college bound, high quality personnel perhaps are less likely to apply a severe discount to future benefits than other persons. Nonetheless, all persons discount future benefits for present benefits, and so we need to have an early vesting. It must be clear they are going to get it and get it soon.

EDUCATIONAL BENEFITS TRANSFERABILITY

Mr. Chairman, there is a feature which is present, I understand, in some of the bills pending before this committee, which is not contained in the measure which my colleagues and I have introduced in the Senate and which, in my judgment, would be a serious mistake, and that is transferability.

There are at least five reasons why transferability makes a GI bill less desirable, in my opinion. First and foremost, it appears that transferability would be inordinately expensive. Of course, it could be argued that if there are votes to pass not only a GI bill but a richer GI bill, that there is nothing wrong with that, and if the House should pass a bill that contains a transferability feature, certainly, we would be glad to have the legislation and if the Senate decided otherwise, that's something that we could work out in conference, but I just want to caution that our figures indicate that it would be a very, very costly measure.

I understand that the committee will be hearing next week from Vic Johnson of NCOA, and he has estimated that if just 80 percent of those who are eligible use just 80 percent of their entitlement, the cost of a GI bill would be increased by $15 billion by the transferability feature.

Second, it appears to me that the cost of a really transferable GI bill would not be offset by any increase in retention. In other words, I'm really saying, in a sense, what Mr. Gramm was saying, that it would be better, in retention terms, to simply raise pay and, indeed, legislation is pending to do that, and I think it's a more cost-efficient approach to the problem, and I think that that will be documented not only by Mr. Johnson, but also perhaps by Professor Moskos and others who will be testifying before the committee.

Third, I raise a practical problem that a freely transferable GI bill would be sufficiently more costly that it might prejudice the ultimate enactment of this whole idea.

I think the GI bill is a very popular concept at last, but if we burden it down with too much cost, I worry about whether or not budget stringencies may prejudice its final passage.

GI BILL BENEFITS STRUCTURE

Mr. Chairman, let me then, with those remarks, simply mention the exact benefit structure which is contained in S. 25. Our bill provides 27 months or 3 years of education benefits in exchange for

24 months, 2 years, of honorable service in the Armed Forces, dating from January 1 of this year.

The maximum entitlement of 36 months of benefits, which would be, of course, a 4-year college program, can be earned within a 3-year period. In fact, the maximum entitlement of 36 months of benefits can be earned at the rate of either 1 month of benefits for each additional month of service beyond the first 2 years, or at the rate of 1 month of benefits for each 4 months of service in the National Guard or in the Ready Reserve component of the Armed Forces.

I mention that in passing and would invite the attention of the committee to the Reserve and Guard feature of that because I am convinced that a perfect solution to our manpower problems would not only bring a pool of highly talented, qualified, upward mobile young people into the service, it would keep them in the Ready Reserve or the National Guard after their initial term of enlistment while they were going to college, so it would expand our pool of Reserve personnel.

The benefits that we suggest would be 80 percent of tuition to a maximum of $2,500 a year plus a living stipend of $250 a month for each month a beneficiary is enrolled as a full-time student.

It is, in brief, an attractive and generous package, and yet we are convinced that it is a package which is cost-efficient in terms of how many new recruits it would bring in as against the final cost of the program.

Mr. Chairman, in the interest of time, I will not take any time to describe title II of the Armstrong-Bennett bill, other than to say that it does include a career service member's educational assistance program, which is a means by which people in service may save for their own education in the future, and get a 2-to-1 match. It is similar in some respects to the program which is already in existence, which I note has not been tremendously successful. But I think, clearly, the reason the present program has not been successful is the presence of a very large no-strings-attached, no-service-requirement program of educational benefits.

Title III of the bill which Mr. Bennett and I have introduced would authorize but not require service Secretaries to establish an educational leave-of-absence program for people in the service. I think that program has the potential for some significant retention capability.

In other words, if you say to a middle-grade NCO that you can take a year and go to school and get a leave-of-absence and then come back and continue to serve, I think that has some potential.

So, Mr. Chairman, that is our package, and while I disagree somewhat with the provisions of some of the measures which are pending, my overriding feeling is one of appreciation to you and the others who are interested in this problem, and I'd just urge you to move forward and compliment you for doing so.

Mr. EDGAR. Thank you for your testimony.

[The prepared statement of Senator Armstrong follows:]

PREPARED STATEMENT OF SENATOR WILLIAM L. ARMSTRONG

Mr. Chairman, I want to thank you for inviting us here and I also congratulate you for holding these hearings. I am convinced that the legislation you about to consider—a new G.I. Bill for our servicemen and women—is the single most effec-

tive, and cost-effective, step Congress can take this year to strengthen our national defense.

A year ago, when Representative Charles Bennett and I along with others, first proposed a new G.I. Bill as a means of improving the number and the quality of volunteers entering our Armed Forces, we had a tough row to hoe. There was very little interest in Congress in the plight of our servicemen and women.

The fact, Mr. Chairman, that you have scheduled hearings so promptly, and four days of hearings at that, on a new G.I. Bill is proof of how far we've come in this last year. Congress and the country have awakened to the manpower crisis that is crippling our Armed Forces, and have come to realize the extent to which cancellation of the old G.I. Bill education benefits has contributed to this crisis. Scarcely a day goes by, Mr. Chairman without some new G.I. proposal being put forward by a concerned member of the House or Senate. Four days of hearings will be required simply to sort them all out.

There no longer seems to be much doubt, Mr. Chairman, that Congress will enact a new G.I. Bill this year. What remains to be determined is when the new G.I. Bill will be enacted and what form it should take.

Obviously, Representative Bennett and I believe that our proposed G.I. Bill of 1981, S. 25 in the Senate, H.R. 135 here in the House, is the most propitious model for a new G.I. Bill of Rights. That view is shared by the 17 Senators who have cosponsored our measure. We drafted our bill after consultation with uniformed military personnel of all grades, and with representatives of leading academic associations and service and veterans orgainizations. In a few minutes, I'll explain why we've crafted each provision the way we have.

We believe our bill will provide maximum benefit to the Armed Forces and to the country, at the least cost. But, Mr. Chairman, there are many roads that lead to Rome. There are many different ways in which a G.I. Bill can be drafted, and still provide a definite boon to the republic.

Unfortunately, Mr. Chairman, it is also possible to draft a G.I. Bill proposal so maladroitly that its enactment would do the country more harm than good. That is why your task of weighing the various provisions in the various proposals before you is so critically important.

It seems to me, Mr. Chairman, that there are three elements a successful G.I. Bill must contain, and one element it must not contain.

First, the G.I. Bill of 1981 must be simple and clear. If it cannot be explained to an 18-year old in ten minutes or less, it isn't going to work.

Second, the new G.I. Bill must be an entitlement, not a measure subject to annual appropriation by Congress. It must be clear to our young men and women that if they fulfill their part of the bargain, the government will fulfill its part.

Third, the new G.I. Bill must provide an early vest of substantial entitlement. We mustn't forget, Mr. Chairman, that for the typical 18-year old, four years or more is a lifetime. If a new G.I. Bill is to be successful as a recruiting device, volunteers must receive a meaningful benefit for enlistments of two or three years duration.

Finally, Mr. Chairman, the one provision a sucessful G.I. Bill proposal cannot contain is one that provides for the transfer of the G.I. Bill entitlement from the servicemember who has earned it to a spouse for a child.

Transferability is a poor idea, for a least five reasons:

First, a freely transferable entitlement would be inordinately expensive. There are, Mr. Chairman, more than 346,000 servicemen on active duty with 12 or more years of service. Virtually all of them have a spouse, son, or daughter who would use the G.I. Bill entitlement if it were freely available. Dick Johnson of the Non-Commissioned Officers Association has estimated that if just 80 per cent of eligibles used 80 per cent of their entitlement, the cost of the new G.I. Bill could rise by $15 billion or more.

Second, Mr. Chairman, the enormous cost of a freely transferable G.I. Bill entitlement would be way out of proportion to any realized retention benefit. The transferability option is being proposed as a means of assiting retention, the most critical element of our military manpower problem. For a comparatively small, but significant, number of our officers and NCOs, the ability to educate their children is a critical retention factor. They like the service, and they'd like to remain in uniform. But they're not earning enough money to provide for a college education for their son or daughter. So they leave the service for a higher paying job in the civilian world.

There is a serious problem here, Mr. Chairman, and Representative Bennett and I have proposed a cost-effective solution for it in Title II of our bill. But for not more than a third of the officers and a quarter of the NCOs on a career track would the education of their children be a decisive factor in determing whether or not they would continue their military career. Yet, if the benefit were freely transferable,

virtually all of the eligibles would use it. We would have to pay three or four times as much for whatever retention benefit we would realize as we ought to pay. If we would take the money that a freely transferable G.I. Bill entitlement would cost, and put it into more cost-effective retention devices, we would achieve a much greater retention benefit for each dollar spent.

Third, because a freely transferable G.I. Bill entitlement would be so enormously expensive, it would be very difficult for Congress, during this time of budgetary crisis, to authorize it for personnel currently serving in the Armed Forces. And, Mr. Chairman, if we want to make a lot of unhappy people even more unhappy, all we need to do is offer a transferable entitlement to a soldier who walks in the door tomorrow, while denying it to those already serving. The result would be to aggravate, rather than ameliorate, our present retention difficulties.

Fourth, a freely transferable G.I. Bill entitlement would be weighted disproportionately in favor of officers. It makes a great deal of sense for a career enlisted man or woman to use his G.I. Bill entitlement for himself, especially if supplemented with the benefits provided for in Titles II and III of the Armstrong-Bennett bill. But all officers have their bachelor's degree, and many earn one or more advanced degrees in the course of their military careers. For them, a freely transferable entitlement is all gravy.

Fifth and most important, the concept of a freely transferable entitlement undermines what ought to be the principle underlying the G.I. Bill of 1981. What we ought to be saying to the youth of our country, Mr. Chairman, is that we'll make it possible for any young man or woman capable of doing the work to obtain a college education, but he or she must perform some service to the country in exchange for it. But it is very difficult, Mr. Chairman, to establish a general principle of education benefits in exchange for service is you have this big ellipsis . . . except for children of servicemen. And, Mr. Chairman, there is something ludicrous, and very, very wrong, about saying the baker's son must serve in the Armed Forces in order to obtain education benefits, but the general's son need not.

Mr. Chairman, the Armstrong-Bennett bill is a bill that the American people will accept as a worthy successor to the World War II G.I. Bill, on which it is modeled. Our bill provides 27 months (three-years) of education benefits in exchange for 24 months (two years) of honorable service in the Armed Forces dating from January 1 of this year. Maximum entitlement of 36 months of benefits can be earned either at the rate of one month of benefits for each additional month of service, or one month of benefits for each four months of service in the National Guard or in a Ready Reserve component of the Armed Forces.

Servicemembers on active duty may begin using their G.I. Bill entitlement after 24 months have elapsed. But a veteran must have received an honorable discharge following completion of the entire term of his initial enlistment—unless discharged for reasons of hardship or disability—for his G.I. Bill benefit to vest.

Benefits shall consist of 80 per cent of tuition, to a maximum of $2,500 a year, plus a living stipend of $250 a month each month the beneficiary is enrolled as a full-time student at an accredited academic institution. We have followed the World War II G.I. Bill formula of tuition assistance plus stipend rather than the stipend only formula of later bills, for three reasons:

First, a tuition-sensitive G.I. Bill will appeal to a higher quality young man. The overwhelming preponderance of Vietnam-era G.I. Bill users attended community colleges, because that's all that makes financial sense under a stipend-only formula. We want to attract these young men and women into the Armed Forces, but we also want to attract the young man who wants to attend Stanford, or Notre Dame.

Second, parents play a key role in the decision young persons make about whether or not to enter the Armed Forces. Parents are most concerned about the cost of tuition when it comes to educating their children. A tuition-sensitive G.I. Bill will have more appeal to them, and they will communicate that appeal to their children.

Third, a tuition-sensitive G.I. Bill maximizes the commonality of interest between the Armed Forces and academic institutions in enactment of a new G.I. Bill.

Title II of the Armstrong-Bennett bill establishes a Career Servicemembers' Educational Assistance Program as an inducement to retention. Servicemen who have completed six more years of honorable service would be eligible to participate. Benefits could be used either by the servicemember himself to supplement his Title I benefits, or be transferred by him to a spouse or children.

Participants would make monthly contributions ranging from $25 to $100, in increments of $25, to a Career Servicemembers' Educational Assistance Fund to be established by the Department of Defense. After a two-year vesting period, the servicemember's contribution would be matched 2 for 1 by the Secretary of Defense.

CSEAP is a cost-effective means of solving the retention problem to which the concept of transferability is directed. CSEAP would provide those officers and NCOs

for whom the education of their children is a critical retention factor with a means of providing for that education without leaving the service. But since the program is contributory, it would appeal only to those servicemen for whom this is an important consideration. Consequently, outlays for CSEAP would be directly proportional to a realized retention benefit.

Title III of the G.I. Bill of 1981 would authorize, but not require, the Service secretaries to establish an Education Leave of Absence program as an inducement to retention. Under this title, a servicemember would be permitted to take an educational leave for up to 12 months, provided he agrees to extend his re-enlistment by two-months for each month he spends on educational leave. Time spent on educational leave would count for purposes of pay and retirement, but not for promotion. A serviceman on educational leave would not draw base pay, but would continue to draw BAS and BAQ, if he were eligible for these allowances.

Mr. Chairman, it is my belief that the provisions of Title II and III of the G.I. Bill of 1981 make it an effective retention as well as a recruitment device. But I would like to express a word of caution on this point. A G.I. Bill, properly drafted, can be a very, very effective recruitment incentive. It will bring into the Armed Forces many young men and women of high aptitude who would not otherwise enter the Armed Forces at all. Many of these young men and women will discover they enjoy military life, and will decide to stay on. Their numbers will be swelled if we provide in-service educational opportunities such as those provided in Title II and III. But we must not attempt to do too much within the context of a G.I. Bill. There is no economically sensible way that we can structure a G.I. Bill to serve primarily as a retention device. Either benefit levels would have to begin so low that they would be meaningless as a recruitment incentive, or, if meaningful benefits were provided for first term personnel, benefits would have to rise to astronomical levels to serve as an effective retention device.

Our primary military manpower problem, Mr. Chairman, is the problem of retention. But that is a problem we can address most effectively, and most cost-effectively, through higher pay and better housing and related benefits for career military personnel. A new G.I. Bill is not the answer to all our military manpower problems, but it can be the anwer to our recruitment problems . . . if we don't overburden the G.I. Bill by trying to make it do too much.

I thank you again, Mr. Chairman, for giving me this opportunity to testify. I'd be pleased to answer any questions that you or other members of the subcommittee may have.

Mr. EDGAR. I appreciate your going into some detail in terms of your philosophical concerns, particularly as embodied in S. 25. You described your bill as the Armstrong-Bennett bill. We will describe our bill as the Montgomery-Edgar bill, and I'd like to yield to my colleague, Mr. Montgomery, to ask the first set of questions.

Mr. MONTGOMERY. I appreciate the coauthor yielding to me. I certainly thank you, Bill, for being here this morning. I don't know whether my colleagues had the privilege of serving with you when you were in the House. I enjoyed working with you and appreciate the work that you've done in the Senate. You are the leader in talking about the GI bill and introducing a bill such as you have introduced, and there is not that much difference, Mr. Chairman, certainly, that this subcommittee, in my opinion, should look into the Armstrong-Bennett bill and see which we think are the best for recruiting and retention for our military services.

COST OF GI BILL

I notice that you mentioned about Mr. Johnson and non-commissioned officers stated the tremendous cost of this bill that we've introduced. We don't quite know where he is getting his figures from.

The Congressional Budget Office, even in fiscal year 1986, say this total cost—and they are always a little high—would be $666 million, which is certainly below what has been mentioned, and

that was given to us on March 3, 1981, and I think they estimated your bill around $700 million, is that correct?

Mr. ARMSTRONG. $750 million, I think.

Mr. MONTGOMERY. $750 million. We are kind of in the ballpark of what the cost would be. I believe the difference, too, in our bills, is that ours goes to high school graduates where your bill would be those persons coming in the service, whether they were high school graduates or not. Is that correct?

Mr. ARMSTEONG. Yes, that is correct, although, of course, the assumption is that a GI bill college education benefit would be used by people who had either completed high school or, in some other way, had qualified themselves to enter college.

Mr. MONTGOMERY. And yours would be contributory and ours would be more a transfer? In other words, the recipient would have to contribute under your bill, I believe, 20 percent, and the Government would put up 80 percent of the tuition.

Mr. ARMSTRONG. Yes. But, of course, we are also providing for a living stipend of $250 a month.

Mr. MONTGOMERY. I'm really just trying to get information. I'm not trying to compare them.

Mr. ARMSTRONG. Perhaps I should just clarify. The 80 percent is of the tuition in title I of the bill, but there is a contributory feature in the CSEAP program which we have suggested. In other words, where a service member would save for their own future education, and then under certain conditions, get a 2-to-1 match. Perhaps that's what you were referring to.

Mr. MONTGOMERY. The transfer of benefits after 6 years.

Mr. ARMSTRONG. Yes.

Mr. MONTGOMERY. And I believe the schedule of active duty and the amount of earning of each active duty month is different in the two bills.

Mr. ARMSTRONG. I think, again, if I could just underscore this point. My concern about the transferability issue goes, more than anything else, to the question of cost. And I happen to be one of those that thinks that we have done so little for our service personnel that it is almost impossible to imagine that we are now going to do more than would be well justified on the merits.

My concern is the practicality of getting it passed but, as I said in my opening remarks, if there are votes enough to pass a richer program than what I've advocated in respect to transferability, I wouldn't object, but what I would be concerned with is that it would prejudice the ultimate passage of the program or result in a scaling down of the benefits that would thereby be available.

Mr. MONTGOMERY. Well, I think this morning the testimony we had from the military services, from their personal views, was very strong in favor of some type of GI education bill. Thank you very much for being here.

Mr. EDGAR. Thank you, Mr. Chairman. Mr. Smith?

Mr. SMITH. Senator, it's a real pleasure to have you here, and I would share your concern about the pay of the military, and would also share your concern about the transferability and the cost thereof.

I think that we have still got to get back to what I spoke about earlier, and that is the leadership problem because money doesn't

solve all the problems nor does anything else, and when we tax the military, we've kind of forgotten really why we have a military. It is never going to be cost-effective, and when you need the military, you need them very badly, and I think we are coming into a period when we might possibly have to test that again, unhappily as we all face that.

The pay element, I think, is the key factor, but certainly some way of trying to structure this so that we do have some retention as the military officers talked about, I think is probably our best factor in trying to help those who are in the military that we really want to retain, which is the reason for all of this, in effect.

The transferability could be extremely costly and it could be very tough to get passed, I can see that. Do you foresee that your studies, as opposed to the CBO study, can we get a comparison there as to which one is most valid? I have always thought that the CBO, depending on whether they were pro or con, changed their studies, but what is your—yours is from the private sector, Bill, or what? You think yours is more accurate, obviously.

Mr. ARMSTRONG. Mr. Smith, you are inviting me talk about more than I understand, which is a great temptation, I must say.

I think the apparent discrepancy between the various estimates of the additional cost arising from transferability is not nearly as great as it seems at first instance, because some of the figures that we are citing are the additional annual costs, and other figures—I think, for example, the number which I cited from Mr. Johnson of NCOA—is undoubtedly a total, multiyear cost addition arising from transferability. That may be a question the committee may want to put to him when he testifies next week.

Mr. EDGAR. If the gentleman would yield.

Mr. ARMSTRONG. I'm sure we can reconcile these numbers and at least see what the different assumptions are that would lead to that.

Mr. EDGAR. If the gentleman would yield, you understand that transferability in H.R. 1400, which is the Montgomery bill, is only for those in critical areas in need of retention. It does not go to everyone.

Mr. ARMSTRONG. Thank you, Mr. Chairman, I was not aware of that, and that may also account for the range of numbers that we have heard, because I think that the $15 billion figure that we discussed was for a fully transferable program where everyone could gain that transferability.

Mr. MONTGOMERY. Would the gentleman further yield? Also, as Mr. Edgar said, it would be up to the Secretary or to those areas that we certainly need the military. It might not go to an engineer, it could go to an infantryman, a man in the platoon, or in the squad, that could be classified as a critical area, the pointman in an infantry squad.

Mr. SMITH. No further questions, Mr. Chairman.

Mr. EDGAR. Thank you, Mr. Gramm?

Mr. GRAMM. Thank you, Mr. Chairman. Senator Armstrong, I am concerned about this transferability issue and I am afraid that on general philosophical terms, I come down on the side of the Montgomery bill. My concern about this whole educational benefit is not only the difficulty in translating future benefits to current

behavior, but the fact that once we set up a benefit which is given only in the future and is given in most circumstances only if they leave the service to go to school, we are setting up something that may help in recruitment, but it may or may not be as effective as spending the money on direct current compensation. It is almost certainly going to induce people, once we have trained them, to have a very strong incentive to leave the service.

If we continue to fail in our efforts to obtain acceptable recruitment and we go to a draft, we have set up a process which will induce people to leave the service once they are in it. How do you respond to that?

Mr. ARMSTRONG. Well, Mr. Gramm, I would respond in several ways. First, that our problem in recruiting at the present time is not numbers but quality. We are not having, by and large, any problem recruiting enough people to fill these jobs; in fact, we are bringing into the service an inordinately large number of people to make up for first- and second-year attrition of people who don't even fill their first term of enlistment, and we are attracting, in large numbers, people who simply don't have the kind of abilities that we need in the service.

Now, we need a much better mix of the intellectually more capable people in the service, and that's what the GI bill is aimed at. I would further answer this way, as far as the recruiting end is concerned, that this is more than speculation.

When Congress was considering letting the GI bill go by the board, the Army did some extensive surveys and warned Congress that if we did, in fact, let the GI bill go, that it would have drastic effects on the recruiting efforts of our military services.

It so happens, and if that has not been furnished to the committee, I'm sure that it can easily be put before the committee—it so happens, that even the quite grave warnings of the services at the time proved to be not only justified but more than justified. The recruiting short-fall that resulted was even worse than anticipated.

Mr. GRAMM. Senator, if I may——

Mr. ARMSTRONG. In addition, some recent surveys show that that is the No. 1 thing when you ask people what would encourage them to get interested in the service, education benefits is the No. 1 thing that they mention. Forgive me for taking so long to answer, but the other part of your question, what about the retention, as I said at the outset, I think that is a separate issue.

The idea of bringing in larger numbers of high-quality people who come and stay, most of them just for 2 years or 3 years, and then go into a Reserve component status, as my bill would encourage them to do, I think that is good because you only need a relatively small proportion of each year's new inductees to stay on and become corporals and sergeants and so on, and move up that chain.

Mr. GRAMM. Well, I was going to go back to the question of retention. You touched on it there at the end.

My concern, however, would be to the extent that your bill is successful in bringing good people in, it will also be successful in taking good people out. The people who will leave the service to take advantage of the benefits are going to be the people with the greatest degree of intelligence and the people who want to take

advantage of the options that are being provided so far as education is concerned. Your bill still doesn't address the problem of developing a qualified career for noncommissioned officers, which is why I feel that some form of transferability has got to be included.

Now, the problem with transferability goes back to this discounting problem. If I've been in the service for 4 years and I have become a staff sergeant and I am looking at giving this benefit to my son and he is 3 years old, and this benefit is frozen in current dollars, not only am I discounting it for 14 years, but taking into account inflation, its practical value is virtually zero.

So, I'm not saying that the transferability written in this bill really solves the problem, but I'm saying, without it, I see us getting a short-term infusion which may or may not be as effective as the proponents claim. And I am frankly very doubtful that the bill won't create real retention problems. I'm more concerned, in the long-run, about retention than I am about recruitment.

Mr. ARMSTRONG. Well, I would answer in three ways. First of all, if the program fails to attract the kind of people we want, it will have very little cost because, of course, the cost arises only if you bring people in who then serve their term of enlistment to its completion under honorable service and then, in fact, use the benefits; So, if it doesn't work, it doesn't cost very much.

Second, I think you make a very good point about people who come in who have the motivation to improve themselves and to go to college and, in part, that's what this educational leave-of-absence provision in the bill is all about. And I think that is an important factor in the lives—a proportion, I can't say how many, of the people involved.

Third, as I said at the outset, I think that this must be, by its very nature, primarily a recruiting device, and that when we talk about retention, we've got to look to pay increases, to career opportunities within the service itself, and to a change in status.

PAID PARKING

And, if I could just comment on that for just a second. In many areas of the country, service personnel simply have not enjoyed the respect that they truly deserve. Now, here is a little thing that I would just like to mention that has contributed all out of proportion to its true value, to making servicemen and women think that they are second-class citizens, whose contribution to our national defense is not valued, and I refer to that parking fee that was so unwisely imposed upon military personnel.

I am told that in our desire to make everybody pay for their parking, we put together a program—which the court, by the way, has since thrown out; the Executive Order has since been invalidated by the court—which cost as much to collect, virtually, as it raised in money, but what it said to those underpaid, underappreciated men and women in uniform is that this is the last straw, that that bunch up on Capitol Hill, none of whom pay for their parking, insist that you people who are making a third or a fourth, or in many cases, a sixth or less what Senators and Representatives make—and they don't pay for their parking but they are going to say that you have to.

Now, that's the kind of imposition and attitude that I think is really injurious to retention, and that's a tiny thing, but there's a lot of such things built into our system, I recognize, that I couldn't sit here and honestly tell you that we are going to solve our retention problem if we take off parking, but that's a part of the general mindset that has been so hurtful to retention.

EDUCATIONAL LEAVES

Mr. GRAMM. Senator, let me make one more comment and just ask you to consider something. One of the things I've been thinking about, since it is obvious today that this bill is going to pass this committee and become law, that we might decide to do, or changes we might make which could at least deal with our retention problem when we've got somebody who wants to stay in the service, is a program of educational leaves. Now, whether people would come back after they have gotten out, I guess some would, some wouldn't.

Another thing would be to give people the ability if the thing is vested, to cash out of it and either convert it into their retirement, as a premium on retirement or to convert it into a cash bonus for reenlistment. That's one thing I think we ought to at least look at.

COST OF EDUCATIONAL PROGRAM

I don't accept the logic that if this is unsuccessful it won't cost anything. I think it is certainly conceivable, in fact, that there are some people who are in the service now or who would have gone into it in the absence of this program, who will, because the program is in existence, make use of it.

So, I think it is not correct to say that if this does not attract any new people into the service, that none of the people who are in the service or would have gone in the service anyway, would take advantage of it. Granted, the cost is directly correlated with its success, but it is not a one-to-one correspondence. Thank you, Mr. Chairman.

Mr. ARMSTRONG. You make a very good point. I happen to think that the kind of investment we are talking about making in the lives of these young people is a good thing in and of itself, it is an end unto itself. We are now spending something like $4 billion a year for programs which help young people go to college, and we have what someone has properly described as the GI bill without the GI. I mean, we are giving away the college education without getting anything back in the way of service, so there is an element of truth in what you are saying, but if you look closely at the profile of the new recruits in the service, there isn't a very high proportion of those that we are presently recruiting that are going to go to college under any circumstances. They simply—that is simply not where their life is going to take them, whether there is money available to pay for the education or not.

So, that's why I say, at least in large measure, if we don't attract a better quality of people—that is, people more college oriented—that it wouldn't have a big cost simply because it uldn't be utilized.

Mr. GRAMM. Well, I don't think there is any doubt about the fact that if we can cut off aid to people who aren't doing anything to get it and give it to people who would have to do something to get it, the country is going to be better off and we are going to be better off in dealing with our problem in the military. Thank goodness that the administration has given us an opportunity to at least put a lid on it. The quantity left is still going to be huge and it is going to be competing with this program for people. Thank you, Mr. Chairman.

Mr. EDGAR. I thank the Senator for his comments and for his answers to the questions. I have one major question to ask the gentleman from the other body. We have talked about the estimated dollar commitments in your bill and in the Montgomery bill. We have looked at the 1982 budget amendments that have been sent to Congress, particularly by the new administration, which recommends a reduction of $743 million in President Carter's budget in the area of veterans' benefits. We see the dismantling of the 91 Vietnam era veterans centers. We see the cutbacks that are being made in additional education and training and employment incentives for Vietnam era veterans.

Do you believe that this administration is going to support your bill in light of Ronald Reagan's comments last summer before the American Legion? Do you believe that this administration is willing to make substantial progress in supporting either your bill or our bill, as a recruitment and retention tool for the All-Volunteer Force?

Mr. ARMSTRONG. Mr. Chairman, I'm not authorized to speak for the administration, but it is my belief that at the right time, that it is very possible the administration would do so.

Obviously, this is a time when budgets are tight but, of course, the proposal which we are talking about would have no budgetary impact in the next 2 fiscal years and would then begin to be an expense in increments, and would build up to its maximum, not for—6 years from now.

Second, I think that the case—as these hearings proceed, I think it will become very clear that this is the less costly alternative to upgrading the All-Volunteer Force. There are other proposals that are available, of which the draft is one. I am convinced this is a much cheaper—this and a pay raise is a much cheaper approach than the draft.

There are other ways we could go at it, but I think this will be seen as cost effective and economic; however, I must say that my own interest in this matter is not conditioned upon the administration's position. It is my hope, but I can't be certain of the adminstration.

Mr. EDGAR. I appreciate that. Has the gentleman ever been to Costa Rica?

Mr. ARMSTRONG. Never have.

Mr. EDGAR. Costa Rica is an amazing place. It survives as a democracy in the middle of all the Central American countries, and it survives without either a military or a senate. I just thought I would point that out to the gentleman. [Laughter.]

Mr. ARMSTRONG. Mr. Chairman, it sounds like a wonderful place. I look forward to——[Laughter.]

Mr. EDGAR. A very idyllic place to be.

I want to thank you for your contribution this morning, and I want to thank all of the witnesses and all of the people who have come to listen. We do have a hearing on Thursday and two hearings set for next week to continue this discussion on the All-Volunteer Army. Thank you very much.

[Whereupon at 11:42 a.m. the subcommittee adjourned.]

H.R. 1400—THE VETERANS' EDUCATIONAL ASSISTANCE ACT OF 1981

THURSDAY, MARCH 19, 1981

HOUSE OF REPRESENTATIVES,
VETERANS' AFFAIRS COMMITTEE,
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT,
Washington, D.C.

The subcommittee met, pursuant to adjournment, at 9 a.m., in room 334, Cannon House Office Building, Hon. Bob Edgar (chairman of the subcommittee) presiding.

Members present: Representatives Montgomery (ex officio), Edgar, Boner, Heckler, Wylie, Sawyer, and Jeffries.

OPENING STATEMENT OF CHAIRMAN EDGAR

Mr. EDGAR. The Subcommittee on Education, Training and Employment will come to order.

Today, we begin the second in our series of four hearings in Washington, and two field hearings on the Veterans' Educational Assistance Act of 1981, H.R. 1400.

The legislation calls for a new, and, in some ways, a unique education and training program to help improve the quality of personnel entering and staying within the armed services. The legislation would also reinstate the value of traditional veterans' readjustment assistance. We have seen that commitment falter in the past, and we are determined not to see those same mistakes repeated.

We have many injustices to correct and many promises to keep to the World War I veterans, the World War II veterans, the Korean war veterans, and the Vietnam veteran, in particular.

Unless we meet that ongoing commitment, any legislation we draft and any promise we make to those who serve this country in the military now will be meaningless.

We are determined to keep that commitment, and that is the function of this committee and that is the reason I serve as chairman of this particular subcommittee.

I believe I made it very plain to the witnesses last Tuesday and to the administration that this is no time to switch signals on a new GI bill and this is no time to switch signals on our commitment to veterans' benefits and services.

I believe the bill we have before us and the other bills that have been introduced on the same subject are good. I believe our bill in particular can accomplish the so-called 3-R's—readjustment, recruitment, and retention—but I am also concerned about the primary responsibility of this committee.

The veterans we seek to help on this committee will continue to need our help. The men and women we intend to recruit and retain for the All-Volunteer Force will still be our responsibility in years to come.

We should not lose sight of that fact. During the initial hearings last Tuesday, March 17, we heard from Gen. Edward Meyer, Chief of Staff of the Army, followed by representatives of the Joint Chiefs for Manpower and Personnel Operations.

In each case, I believe the record will clearly show these distinguished witnesses to be highly supportive of the new GI bill.

The subcommittee has been given a very clear picture of the serious recruiting and retention problems existing within the All-Volunteer Force.

At our hearing last Tuesday, we were basically interested in facts, figures, and personal opinions on the current status of the military and the value of education benefits in general.

We are after that same information today; however, we also would be very interested in hearing a statement of the policy of the present administration regarding both the need and the type of educational benefit they would support for an All-Volunteer Force.

There is no doubt from the testimony on Tuesday that a new GI bill is needed, and that H.R. 1400 is a viable concept.

President Reagan spoke out strongly in support of a new GI bill during the campaign last summer. As we also heard in testimony on Tuesday, the President restated his interest in a new GI bill to the chairman of this committee, Sonny Montgomery, at breakfast at the White House just 2 weeks ago.

I believe these to be very strong signals, and we look forward to hearing the views of the Department of Defense and the Veterans' Administration on these points.

[The prepared statement of Chairman Edgar follows:]

PREPARED STATEMENT OF HON. BOB EDGAR, CHAIRMAN, SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

Good morning Ladies and Gentlemen.

Today we begin the second in our series of four hearings on H.R. 1400, "The Veterans' Educational Assistance Act of 1981".

The legislation calls for a new, and in some ways, unique education and training program to help improve the quality of personnel entering and staying within the Armed Services.

During the initial hearing, last Tuesday, March 17, we heard from General Edward Meyer, Chief of Staff of the Army, followed by representatives of the Joint Chiefs for Manpower and Personnel Operations. In each case, I believe the record will clearly show these distinguished witnesses to be highly supportive of a new G.I. Bill. The Subcommittee was given a very clear picture of the serious recruiting and retention problems existing within the All Volunteer Force at the present time. Based on the opinions and experience of these expert witnesses, we were shown a direct historical correlation between the value of a G.I. Bill and significant improvements in both the quality and quantity of military personnel, which occurred in the past. This could be true again.

Today we will hear from representatives of the Department of Defense, Navy and Air Force. I have been told that the representative from the Army will be unable to testify today and we will hear from him on March 24.

We will also hear today from the Department of Transportation, which has jurisdiction over the Coast Guard, and the Veterans Administration, who under our bill, H.R. 1400, will administer the program.

At our hearing last Tuesday, we were basically interested in facts, figures and the personal opinions on the current status of the military and the value of education benefits in general.

We are after that same information today. However, we also would be very interested in hearing a statement of the policy of the present Administration regarding both the need and the type of educational benefit they would support for the All Voluntary Force. There is no doubt from the testimony on Tuesday, that a new G.I. Bill is needed and that H.R. 1400 is viable concept. President Reagan spoke out strongly in support for a new G.I. Bill during the campaign last summer. As we also heard in testimony on Tuesday, the President restated his interest in a new G.I. Bill to the Chairman of this Committee, Sonny Montgomery, over breakfast at the White House just two weeks ago.

I believe these to be very strong signals. We look forward to hearing the view of the Department of Defense and the Veterans Administration on these points.

Also today, we are privileged to hear from two of our colleagues, Representative William Whitehurst and Senator John Warner, who have also introduced G.I. Bill legislation. We look forward to a review of their proposals. Senator Warner, in particular, brings a special expertise to this hearing as a former Secretary of the Navy. I feel the "Old Dominion" and the National Defense will be well-represented by both statements.

Mr. EDGAR. I would like now to yield to my colleague, Mr. Wylie, who also has an opening statement, and then we will proceed with the hearing.

OPENING STATEMENT OF HON. CHALMERS P. WYLIE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. WYLIE. Thank you very much, Mr. Chairman.

Because of the importance of these hearings, I would like to make an opening statement as the basis for some questions which I will ask our witnesses throughout the proceedings.

You indicated that there is no doubt that we need H.R. 1400, and I would just, I think, be remiss if I didn't say that I have some philosophical and practical problems with H.R. 1400, which I have expressed in previous Congresses. Some of these, I know, are shared by other members of this committee, but I hope they can be cleared up in the series of hearings you have scheduled, and I do want to compliment you for the thorough manner in which you are proceeding on this issue, that when the time comes for action by the subcommittee, our members will have had time to hear all shades of opinion on the proposed legislation.

The original GI bill was enacted in June of 1944, at a time when servicemen were returning to civilian life at a rate of 1 million a month. The Nation had an enormous social problem on its hands, and emergency action was required to prevent a catastrophic disruption of the American economy.

These servicemen also raised a moral and ethical problem. World War II veterans had been out of the mainstream of American life for an average of 30 months, while those who did not serve for one reason or another, went to college, served trade apprenticeships, or otherwise prepared themselves to earn a living.

We were in a situation where those who served the Nation best and sacrificed the most were getting the short end of the stick. The national conscience required some redress for these returning servicemen; thus, educational assistance, home loan guarantees, unemployment compensation, all the provisions of the GI bill were enacted in response to an overwhelming national problem of returning servicemen and the personal problems of those who had rendered special service, but none of this was considered compensation for service rendered.

The benefits were gratuities granted by a grateful Nation to a special class of citizens. Servicemen didn't know they were going to get these benefits when they enlisted or were drafted, whichever the case might be—that was true in my own case—they served because they were good citizens and their Nation needed them for its survival.

This brief history is, I believe, relevant to consideration of H.R. 1400. Stating the case baldly, the bill before us is aimed at sweetening the pot so we can recruit higher quality people into the armed services and keep them there longer. Without all the semantic frills, it is a pay increase.

Now, apart from these considerations, I'm deeply concerned that we are taking up legislation that will obligate the Federal budget for years ahead, to pay for a rescue mission that show few signs of success, at least initially.

The President is trying to cut Federal spending. We are even seeing proposed reductions in VA health care and other benefit programs, from the Office of Management and Budget.

In this economic climate, we may be throwing good money after bad? Even the proponents of H.R. 1400 and similar bills admit it may constitute one last chance to make the voluntary Army succeed.

Well, I want to emphasize, Mr. Chairman, that I am not prejudging H.R. 1400. I will listen attentively to all the witnesses, and will so direct variations of the questions I have raised here, but I hope this will be helpful to the witnesses to the subcommittee, and that is the purpose for my putting these comments in the record at this point. Thank you, Mr. Chairman.

Mr. EDGAR. I thank the gentleman for his statement, and I think the gentleman does raise some good questions. I appreciate the gentleman being here and having an opportunity to ask those questions.

We have as our first two witnesses today two fellow Members of Congress, one from the House and one from the Senate. I would like to welcome the Honorable William Whitehurst, Congressman from Virginia, and the Honorable John Warner, Senator from Virginia. The "Old Dominion" is well represented, I think, at least in the issues relating to retention and recruitment in the All-Volunteer Force. We look forward to your testimony.

We will hear, first, from our colleague from the House, and then we will move to the Senate. Your statements will be considered as part of the record,[1] and you can proceed either by reading part of your statement or by summarizing it, and then we will move to questions.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. WHITEHURST. Well, I may just combine reading part of it and giving a summary. I was particularly interested in what both you, Mr. Chairman, and Mr. Wylie had to say with respect to extending the GI bill, or to adopt, as a matter of fact, the proposals that have been introduced in H.R. 1400, Mr. Montgomery's bill, or perhaps

[1] See p. 62

H.R. 1206, a bill I introduced and a companion bill in the Senate by Senator Warren, S. 5.

You have heard from the military witnesses with respect to the problems of retention that we are facing. I am not going to requote all of the statistics for you.

I come from a Navy town and I am very conscious of the problems we have with respect to insufficient manpower for our vessels down there.

Last year, when the *Eisenhower* sailed for the Indian Ocean to replace the *Nimitz* in April, it was short 579 sailors and airmen, mostly in key supervisory jobs. A month later, the carrier *Constellation* was operating with 533 men short and, last, when the carrier *Kennedy* sailed for the Mediterranean to replace the *Saratoga*, it had to borrow 50 sailors from other ships, to fill engine and aircraft maintenance jobs.

The Army also has felt similar losses with skilled NCO's, particularly in the combat specialties of infantry, armor, and artillery, and the Marines and Air Force have likewise suffered similar shortfalls.

Now, I think that we have an opportunity here and, indeed, the dialog I have had with servicepeople in my district, they have indicated that some extension of educational benefits, either directly to them or to their families, would be a marvelous incentive to retain them.

I believe that given the paramount importance they attach to it, that we should go forward. Admiral Harry Train, the Atlantic Fleet commander, has also come out strongly in favor of a GI bill with benefits transferable.

I just think that if we are going to keep qualified personnel from leaving the Armed Forces, if we are going to attract new people and, in particular, in view of the declining birth rates and the difficulty in dipping into this shrinking pool of manpower, then we have no choice but to go this route.

According to the Department of Defense, the active Armed Forces will have to recruit 1 out of every 4.6 18-year-olds instead of the current 1.56, by the end of this decade.

This is going to be a tight squeeze for us, but I think that we can overcome it with a good educational package.

Mr. Chairman, what I have done is not to go into a lot of detail on the particulars of H.R. 1206 in my prepared statement, but I have prepared a comparison of the major pieces of legislation, both Mr. Montgomery's bill, my own, and the service proposal.

There are some differences in them, but they are not fundamental and, indeed, I am not wedded to any one particular bill. In my own judgment, features can be combined from them to produce the best possible legislation. It is my earnest hope, however, that something employing the basic concept of educational benefits extended for years of service given and a transfer provision given the extended service of someone beyond 16 years, or even 12 years as Mr. Montgomery's bill includes, would be a marvelous incentive, and one that would pay us rich dividends.

And with that brief summary, Mr. Chairman, I will yield to my colleague from the Senate, Senator Warner.

[The prepared statement of Congressman Whitehurst follows:]

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PREPARED STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. Chairman and members of the Subcommittee, first of all, let me say how much I appreciate this opportunity to testify today regarding the necessity of reinstituting the GI Bill.

In the 12 years that I have been in Congress and a member of the Armed Services Committee, a good number of them have been spent combating the exiguous attention given by some leaders in government to improving the quality of life of those men and women in our armed forces entrusted with providing for our nation's defense. There have been those who chose to ignore the early warning signs of low retention and recruiting rates as symptoms of a greater ill, believing that somehow members of our armed forces are insulated from runaway inflation and the high cost of living. And some minds refused to be swayed even when confronted with evidence that tens of thousands of our military families needed food stamps and a moonlight job in order to make ends meet. I don't know why they chose to bury their heads in the sand, hoping that things would surmount the harsh economic realities of life that affect everyone. For whatever reason, though, it did not prevent the exodus of qualified personnel from the ranks of our services that we have experienced in recent years. And it did nothing to enhance the reputation of the military way of life and attract new recruits.

As a consequence of that throw-them-a-bone brand of thinking, we are grappling now with a severe manpower crisis and the distinct possibility that the all-volunteer force is destined to failure. At the same time, there has been a measurable deterioration in the combat readiness of our troops. And, as all of you surely know by now, for the first time since the military began relying entirely on volunteers, every service failed to meet recruiting goals last year. The impact was felt most by the Army, which achieved only 88.5 percent of its goal and wound up 17,800 recruits short—more than enough to fill a heavy division. The Navy, too, was hard hit, recruiting only 94 percent of the sailors it needed last year. The 4,500 sailors the Navy failed to recruit would have been enough to man an aircraft carrier and its air wing.

Obviously, when the services are unable to meet their recruitment quotas on the one hand and unable to keep the people they've already got on the other, vulnerabilities are bound to be exposed. And that has certainly been the case in recent years. The Navy today is short nearly 20,000 experienced, supervisory petty officers—about 9 percent of the 209,800 key sailors needed to insure that ships can sail and fight. The shortages are particularly severe in radar, sonar, and aviation ratings, which affect the readiness of the Navy's 13 aircraft carriers.

All of us are aware of the absolutely pathetic shape some of our ships have been in when deployed. Last year, when the carrier *Eisenhower* sailed for the Indian Ocean to replace the *Nimitz* in April, it was short 579 sailors and airmen, mostly in key supervisory jobs. The carrier *Constellation* a month later was similarly operating 533 men short. And, last when the carrier *Kennedy* sailed for the Mediterranean to replace the *Saratoga* it had to borrow 50 sailors from other ships to fill engine and aircraft maintenance jobs.

The Army has also felt the hot sting of losing so many of its skilled NCOs, particularly in the combat specialities of infantry, armor and artillery. Nor have the Marines and the Air Force been spared. Both branches of the service have been hardhit by manpower shortfalls in critical areas.

As grim as the scenario I have outlined is, the waning days of the 96th Congress renewed the hopes of those of us who have expressed these concerns with the passage of a number of military manpower initiatives to help turn things around. And, thankfully, there are indications that some of the actions taken in the past Congress have begun reversing some of these unhealthy trends. The measures I speak of include raising military pay; improving medical benefits; increasing enlistment and re-enlistment bonuses; increasing Navy sea pay and submarine sea pay; increasing flight pay; and approving a number of other pay and non-pay initiatives.

And on the heels of these encouraging steps, I am further encouraged that Secretary of Defense Weinberger has vowed that "Our military personnel will become first-class citizens once again." So, too, am I encouraged that President Reagan has asked Congress to increase defense spending by 16 percent between this fiscal year and next as part of a $1.3 trillion buildup in the nation's defenses over the next five years. Those in uniform would receive a 5.3 percent pay raise in July atop the 11.7 percent raise already approved for fiscal 1981.

As I indicated before, there is evidence that dividends are already being paid as a result of this renewed interest in defense, including higher retention rates since the implementation of the pay raise and other manpower initiatives. Adm. Harry D. Train II, the Atlantic Fleet commander, recently predicted that if these present

trends continue, the Navy's shortage of senior petty officers will be alleviated within four years.

Even though I see signs of promise with these recent trend reversals, we must not be deluded into thinking that we have solved the long-range problem. Rather, we must continue our efforts to make service life an attractive career, the benefits of which are commensurate with the dedication and sacrifices involved. And let no one doubt that there are, indeed, many sacrifices made both professionally and personally by our military personnel. In the Navy, particularly, the recent increase in operating tempo with a limited number of ships has resulted in long family separations because of extended deployments. It is no wonder that the service has experienced severe retention problems.

As we search for ways to keep qualified personnel from leaving the armed forces and attracting new people, let us not forget that as the effects of declining birth rates that began in the 1960's are felt, the number of men reaching prime military age—18—each year will decline from approximately 2.1 million in 1979 to 1.7 million in 1987—a 20 percent drop. According to the Department of Defense, the active Armed Forces will then have to recruit annually 1 out of every 4.6 18-year-old males instead of the current requirement for 1 out of 5.6.

I bring this to your attention as a way of suggesting that if we are to continue with the All-Volunteer Force there must be a conscientious effort made to make service life more attractive, not only through improved pay but other benefits as well. I submit that one desperately needed measure is the reinstitution of the GI Bill, which would contribute greatly to recruiting and retaining quality military personnel. It was a grievous mistake, in my opinion, when the single most visible benefit for junior enlisted personnel, education assistance under the GI Bill, was dropped in 1977.

Mr. Chairman and distinguished members of this subcommittee, President Reagan has indicated his strong support for a return to the GI Bill, and it is my hope that 1981 will be the year it is reinstituted.

I have introduced two bills in this Congress to accomplish that end. H.R. 1206, the Armed Forces Educational Assistance Act, and H.R. 1207, the GI Educational Extension Act, I believe will go a long way in building in the kinds of incentives we must have in our armed forces to attract and keep quality people. To date, 45 of my colleagues in the House have cosponsored these measures.

Thank you.

STATEMENT OF HON. JOHN W. WARNER, A U.S. SENATOR FROM THE STATE OF VIRGINIA

Senator WARNER. Thank you, Mr. Chairman, and I thank my distinguished colleague from Virginia. We have joined on this piece of legislation.

I am very much impressed by the opening comments of Mr. Wylie. I was a member of that group coming back from World War II, and have rich and lasting memories of that period.

As I say in the concluding paragraph of my statement, I would not be in the Congress today had it not been for the extending hand of a grateful nation to me, as a sailor, a high school dropout, to give me the financial wherewithal to enable me to get my first degree.

I commend the distinguished Member of Congress for stating, in very clear terms, that what we are doing is making a last stand effort, the rescue of the All-Volunteer Force.

I, personally, am not inclined to support a draft at this time. As you may know, I was Secretary of the Navy and Undersecretary for 5½ years during the Vietnam conflict, and I witnessed, firsthand, the tragedies of the inequities between young men, those who went into active service and those who remained home and pursued their education or their job opportunities, and those inequities that are inevitably combined with a draft, caused a great deal of social turmoil in this country, and I am hopeful that we, principally those of us who are beneficiaries of this type of GI bill,

can fashion a piece of legislation to make this last-ditch effort to have the GI bill be the saving grace of the All-Volunteer Force.

The bill that I introduced along with my distinguished colleague from Virginia is designed to provide four basic educational assistance options which, when taken together, will encourage enlistment—and we make no effort to disguise that as a principal objective—and, most significantly, to improve retention of the quality personnel that we require in our military and, of course, as an incentive for recruitment.

To qualify for the assistance, the enlistee must make a commitment of time and service. After 3 years of active duty and with a 3-year commitment to the Active Reserves, under our bill, the individual qualifies for 18 months of educational assistance.

This should also be an important benefit for those not necessarily interested in formal university level training, but who can take advantage of the option for junior college or technical school training.

There is a critical national shortage of technicians, professional machine and tool designers, skilled medical assistants; we could go on and name any number of types that would benefit from this legislation.

The second option is analogous to the original GI bill and concept, and is designed as an incentive for both recruitment and retention. Thirty-six months of educational assistance would be provided to those who make a time and service commitment of 4 years of active duty, along with a 4-year service in the Active Reserves.

I would like to inject at this point, Mr. Chairman, I personally would favor amending our proposal such that just pure Reserve service, in and of itself, would provide some educational benefits.

I think we will soon see in the Congress a major thrust toward enhancing Reserve and Guard service and, therefore, this would be a valuable concomitant.

The third option provides some 36 months of educational assistance to those individuals who remain on active duty for 6 years before taking advantage of the GI bill. The Active Reserve commitment is waived.

Six years of active duty should help relieve the critical skill shortage at intermediate enlisted personnel levels. As an additional incentive for retention, a fourth option is provided which allows the individual to pass his or her 36-month educational assistance program on to a spouse or a child after 16 years have been devoted to active duty, and I think this is one of the more unique provisions in our bill.

This type of transferability is found over and over again within the private sector, in all types of programs. And I think it is time that the men and women of the armed services have the benefit of this new type of thinking in America.

Now, the costs of the bill have been preliminarily estimated to be about a billion a year, by the Congressional Budget Office. I should also like to clarify that I strongly believe that this budget should be with the Veterans' Administration and not the Department of Defense.

Now, I believe that our Nation can afford to make this available because—and I have with me this morning, the charts, and I ask that they be made a part of the record—which shows——

Mr. EDGAR. Without objection, they will be made a part of the record.[1]

Senator WARNER. Thank you. This shows that the Federal student assistance funding programs in America today have hit $4.5 billion. Now, the committee is familiar with the various eligibility requirements for this but, in my judgment, service to one's Nation should take the very top priority by way of making individuals eligible for Federal assistance for education.

Mr. Chairman, I should like to ask that the balance of my statement be placed in the record as stated, and now I would be happy to entertain, with my colleague, any questions by members of the committee.

Mr. EDGAR. Thank you very much. Both statements will be made part of the record, with the additional charts, and I'd like to thank both of you for testifying this morning, and making your preliminary statements.

[The prepared statement of Senator Warner follows:]

PREPARED STATEMENT OF HON. JOHN W. WARNER, A U.S. SENATOR FROM THE STATE OF VIRGINIA

Mr. Chairman and members of the committee:

I want to thank you for holding hearings on this most important subject.

This past year has seen a re-awakening in America to the importance of restoring our Nation's military capability. A most important part of this restoration is solving our military manpower problems.

As every member of this committee knows, manpower is the most important factor in establishing military strength. Without motivated and highly trained personnel in adequate numbers, the finest weapons systems this nation can produce become useless.

We have been made painfully aware of the importance of manpower by events of the past several months. With shocking regularity, this nation has been told:

That six out of 10 Army divisions have been rated "not combat ready" because of skilled military personnel shortages.

That the Army has experienced shortages as high as 46,000 non-commissioned officers.

That, according to Gen. Edward C. Meyer, chief of staff of the Army, we have a "hollow Army."

That the Navy has experienced shortages as high as 20,000 skilled petty officers.

That the Navy ship, *Cannisteo*, was tied up at the pier and failed to timely deploy to the Mediterranean because of a shortage of skilled petty officers.

These and other shocking revelations showed America that we have very substantial military manpower problems that must be corrected.

To its credit, the Congress responded to these revelations—and responded quickly. During the last session of Congress, a very substantial number of military manpower initiatives were enacted. The Nunn-Warner bill was the first of those initiatives, and it was quickly followed by an 11.7-per cent pay increase, improved medical benefits, the so-called Fair Benefits Pakcage, including the Navy sea pay and submarine pay, enlistment and re-enlistment bonuses, and a number of non-pay initiatives.

We have seen recent evidence that these overdue initiatives are having a corrective effect. Re-enlistment rates are improving and morale has seemed to improve, as well.

However, we—the Congress—cannot stop now. We cannot sit back and assume that the problem has been fixed.

More needs to be done if we are to insure a capable military force over the long-term.

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[1] See p. 68.

I believe that educational legislation, with benefits commensurate with the World War II and Korean GI Bills, is the next essential step the Congress must take.

In my view, no single factor will do more to encourage substantial numbers of high-quality men and women to join and remain as careerists in the military than a new "GI Bill." Also, a GI Bill, with a provision that earned benefits may be passed on to a spouse or children of a career military man or woman, would be helpful in retaining career people.

For this reason, Mr. Chairman, I introduced legislation in the Senate late in the last session of Congress to provide a new program of educational assistance for those who serve in the armed forces. My friend and colleague, Mr. Whitehurst of Virginia, introduced a companion bill in the House at the time. We have again introduced the legislation for consideration this year.

I believe it was a serious mistake for the Congress to terminate the GI Bill in 1976. The Army warned Congress that termination would result in recruiting problems. It was estimated, at the time, that termination of the GI Bill would reduce the pool of potential recuits by as much as 36.7 per cent. We are now paying a heavy price in the declining quality and overall aptitude of the personnel coming into the military and in the increased costs due to higher attrition of personnel who are unqualified.

The bill I introduced is designed to provide four basic educational assistance options, which, when taken together, will encourage enlistment and improve retention of quality military personnel as an incentive for recruitment.

To qualify for educational assistance, an enlistee must make a commitment of time and service. After three years of active duty and with a three-year commitment to the Active Reserves, the individual qualifies for 18 months of educational assistance. This should also be an important benefit for those not necessarily interested in formal university-level training, but who can take advantage of this option for junior-college or technical-school training. There is a critical national shortage of technicians, professional machine and tool designers, skilled medical assistants, as examples, and such training should help alleviate that situation.

The second option is analogous to the original GI Bill in concept and is designed as an incentive for both recruitment and retention. Thirty-six months of educational assistance would be provided to those who make a time and service commitment of four years of active duty, along with a four-year service in the Active Reserve.

The third option provides 36 months of educational assistance to those individuals who remain on active duty for six years before taking advantage of the GI Bill. The active Reserve commitment is waived. The six years of active duty should help relieve the critical skill shortage at intermediate enlisted personnel levels.

As an additional incentive for retention, a fourth option is provided, which allows the individual to pass his or her 36-month educational assistance program on to a spouse or child after 16 years have been devoted to active duty.

The costs of this bill have been preliminarily estimated to be about $1 billion a year by the Congressional Budget Office, which is only a small percentage of the amount of taxpayers' funds being spent by the Department of Education in aid to higher education loan and grant programs.

I believe that, if our Nation can afford to make freely available in excess of $4.5 billion a year for educational assistance without any quid pro quo of service to our country, surely we can afford $1 billion in educational assistance as a reward for good and faithful service to our Nation by the young men and women of our Nation who serve in our military forces.

If there are funding constraints, then the new "GI Bill" should take precedence over the civilian program.

Further, it is important to note that much of the cost of a GI Bill would be offset by lower recruiting and training costs, and by savings accruing from lower attrition rates, which would result from higher proportions of recruits who are high school graduates or are from the higher mental categories.

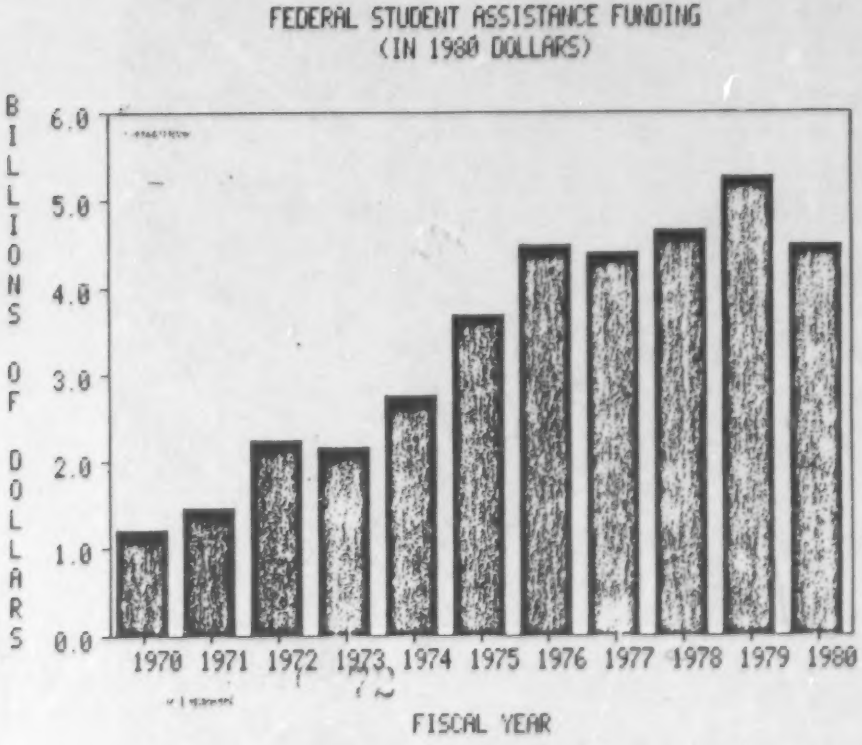
In sum, a GI Bill would be a good investment both in terms of improving our military forces and in improving the educational level and earning potential of millions of Americans.

Several forms of a GI Bill have been introduced in this session and, though the details differ, there is strong support for a return to the GI Bill. I am hopeful that this will be the year a new GI Bill is instituted. I am eager to work with the members of this committee to make sure that this needed legislation is brought to fruition.

In a very real sense, a GI Bill would pay for itself over the long term, due to the increased tax revenues resulting from the improved earning potential of those who gain a higher education as a result of the GI Bill. This was clearly the case with the World War II, Korea and Vietnam GI Bills.

Mr. Chairman, in everlasting gratitude to my country, I freely state I would not be in the Congress today were it not for the GI Bill I received as a consequence of my naval service from 1944 to 1946 and my Marine service from 1950 to 1952.

I am totally dedicated to seeing that this generation of young Americans receives benefits comparable with those I gratefully received.


FEDERAL STUDENT ASSISTANCE FUNDING
(IN 1980 DOLLARS)
BILLIONS OF DOLLARS
6.0
5.0
4.0
3.0
2.0
1.0
0.0
1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980
FISCAL YEAR

Mr. EDGAR. First I would like to announce our first field hearing on this issue is going to be held in your State. We plan, on April 6, to visit Norfolk, to spend some time talking with the personnel that we're interested in retaining and recruiting into the All-Volunteer Force.

I would hope, and I open this as an invitation to you and your staff, that you could participate in those hearings along with any other Congressman or Senator that you know who may be interested, who might live in that area. We would welcome that.

I think it is important for us not just to take testimony from Washington but to actually see what kinds of incentives and impact this legislation might have in the field.

Also, if I could make a second comment, in somewhat response to Mr. Wylie's comments earlier, about this being a change in direction for our trying to shape a new GI educational bill as an incentive for recruitment and retention within the All-Volunteer Force.

Let me state that chapter 34 of title 38, the Vietnam era GI bill, the purpose of that, under section 1651, stated as follows:

> The Congress of the United States hereby declares that the educational program created by this chapter is for the purpose of: (1) Enhancing and making more attractive service in the armed forces of the United States.

It goes on to say:

> (2) Extending the benefits of higher education to qualified deserving young persons who might not otherwise be able to afford such an education;
>
> (3) Providing vocational readjustment and restoring lost educational opportunities to those servicemen and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955;
>
> And, (4) Aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

I think that is a very good summary of the purposes for which we have come together this morning as well, and I would like to commend Senator Warner for his comment about the All-Volunteer Service.

I think our hearings are a discussion of what kind of recruitment and retention incentives we need to make the All-Volunteer Army work. Whether it is the last-ditch effort or whether it is a new effort to provide retention and recruitment opportunities can be debated.

I noted on Tuesday, that Lt. Gen. Yerks, Deputy Chief of Staff for Personnel for the Army, stated and I quote, "In order to sustain our force in the future, there needs to be a comprehensive package of education incentives." To a person, each of those representatives from all of the branches of the military who came and appeared before us, indicated the importance of education as a recruitment and retention incentive.

Let me ask a specific question and then I will yield to my colleagues. In today's Washington Post, Defense Secretary Casper Weinberger is quoted as reporting that he has suggested that $20,000 of military persons' salary be made exempt from Federal income taxes.

He goes on, in that same article, to talk about the fact that DOD wants to increase the number of Navy ships from 456 to 600. He states that there will be a great effort and need to man those ships with qualified personnel.

Further, other articles and discussions about the current defense posture have centered on retaining people in particular skills because we are currently facing a highly computerized, highly technical, military service. The need for retaining those personnel who have been trained in those specialities to keep the ships, to keep the planes, and to keep the tanks operating, is very important.

My specific question is, in light of the Secretary of Defense's comments about the need for personnel incentives for an All-Volunteer Army, do you both believe that the educational incentive, with the pay incentives and the tax incentives and the other incentives that have been suggested, is a valuable contribution to the recruitment and retention process within the All-Volunteer Force?

Mr. WHITEHURST. Absolutely, Mr. Chairman. I think when you go to Norfolk when you conduct these hearings, and you talk to these young lads, you will have that reconfirmed.

Senator WARNER. Mr. Chairman, I join my colleague in his observation. I awakened this morning, as did you, early, to read that article in the paper and, although I am a member of the Senate Armed Services Committee and spent 3½ hours at the Pentagon yesterday on other matters, it came as a total surprise to me. I was unaware of this consideration.

Frankly, I would have put the GI bill as a priority higher than any sort of across-the-board tax relief to the men and women of the Armed Services.

We've got to be very careful as we continue to explore this benefit, overall benefit package for the men and women of the Armed Forces. There is no equivocation in my desire to help them.

I was cosponsor of the Nunn-Warner bill last year, which was the first major step, followed by the pay cap, which was the second.

We are now on the threshold, it seems to me, of a third in terms of the GI bill, and I would like to see a composite, sort of a balanced effort—education, added pay, added benefits—and then I think we have an obligation to the public to see what are the results in terms of recruiting and retention, before we go ahead and make any great big additional incremental step because, as was pointed out by Mr. Wylie and others, the budgetary impact is extraordinary here.

Now, we are building toward a 600-ship Navy, we are perhaps augmenting other personnel levels in the Armed Forces, but I'm also conscious of the budgetary problems.

May I make one other observation which I omitted, although it is in my statement. As a former manager of a military department, it is important to note that much of the cost of the GI bill, in my judgment, would be offset by lower recruiting and training costs, and those are very large, and by the savings occurring from the lower attrition rates. Presumably, getting higher quality people motivated toward staying in for the purposes of getting their education, the less attrition, which would result from the higher proportion of recruits who are high school graduates and from higher mental categories.

Mr. EDGAR. If the gentleman would yield, I think that is a key point. I'm glad that you went back to underscore it because I think that we did not emphasize that enough in our Tuesday hearings, in terms of savings.

Mr. WHITEHURST. Would you yield?

Senator WARNER. Yes, of course.

Mr. WHITEHURST. Let me just come back to what I said a moment ago in the statement. We are really faced with a demographic problem at the end of this century—indeed, by the end of this decade.

You have got kind of a double-squeeze here. You've got on one hand a diminished supply of manpower. On the other hand, I think we are going to see, as a result of the recommendations by this administration, and I believe up to a point they are going to be adopted by the Congress, if not a shrinking of the educational benefits made possible by the Federal Government, at least a cap will be placed upon them.

With the growing cost of education, this becomes a real incentive for a young man who says, "Well, I want the opportunity to go to college or to get additional training for my career. This is a certain way of having it paid for if I pursue a military career for a while", and I just would say that it complements absolutely what Senator Warner has pointed out, that given the conditions that we are going to face in trying to recruit, in just about 5 or 6 more years, this could make the difference between sticking with an All-Volunteer Force or having to go to conscription.

Mr. EDGAR. Thank you. I would like to announce to my colleagues that we will operate under the 5-minute rule plus 1. I will tap the gavel after 5 minutes, and you will have 1 minute to finish up your questions. I yield to the gentleman, Mr. Wylie.

Mr. WYLIE. Thank you very much, Mr. Chairman, and thank you, Senator Warner and Congressman Whitehurst. I, personally, really appreciate your coming here this morning and giving your thoughtful concern to this very serious problem, and I think your statements were excellent.

I might say, Senator, I dropped out of college at Ohio State because I couldn't really make up my mind what I wanted to do, and enlisted and, when I came back, the GI bill allowed me to go to Harvard Law School, so I have some empathy for the program, too.

Senator WARNER. Well, I had to go back and join the Marines in 1950 to get my law school education, so it really paid for two degrees.

Mr. WYLIE. Well, all right. Now, that brings me to my question of you, however. The purpose of this bill is retention. Congressman Edgar read from the GI bill for Vietnam veterans and said that was the primary purpose but it hadn't worked in that case, has it? It hasn't accomplished the real purpose, it seems to me, if we are still talking about retention.

Senator WARNER. There's so little benefit to the present one, and its a contributory package—and as you well know from your experience in the service, young men and women are not thrift minded at that period, and there's not much inducement to pay back into the program part of their salary.

Mr. WHITEHURST. The other thing is this. I think if you will go and talk to the people in the service, and listen to what they say, and put this proposition to them and outline some of the features that are here, especially transfer aspect for the more senior petty officers, they would say, "Yes, I would stay because this is impor-

tant to me. I want at least one of my children to have a college education, and I can't afford it otherwise."

I think in the nature of the bill, as the Senator has pointed out, it is considerably different than the kinds of benefits that were offered in the Vietnam era.

Senator WARNER. I have found in my lengthy experience in dealing with military people that, as a class, they are as much, if not more, family oriented than any other class of individuals in our society.

It is really the family unit that enables these men to go on detached tours and so forth, and this is a family planning device, where a parent, the parents can sit down and make a decision, husband and wife—the wife who suffers the difficulties of service life, moving, and so forth, absence from her husband, knowing that they can provide and plan to have, say, two children and are able to provide for their education.

Mr. WYLIE. This allows, as I understand it—I haven't read the bill in detail, but it would allow a serviceman to leave the service at the end of 3 years and be entitled to GI educational benefits. Is that correct?

Senator WARNER. That's right.

Mr. WYLIE. Now, it seems to me as if that works counter to what we are really trying to accomplish here, in that it would allow those persons with some ambition to get out and go to college, and the persons who would stay in would be the ones who would not want to take advantage——

Mr. WHITEHURST. Excuse me. Our bill would provide 18 months benefit for 3 years active duty plus 3 years Ready Reserve.

Senator WARNER. He puts in another 3 years.

Mr. WHITEHURST. Thirty-six months for 4 years active duty plus 4 years Ready Reserve, 36 months for 6 years.

Mr. WYLIE. Yes, but right at the time when a person who really has some ambition and who could really make a contribution, it seems to me, they might want to get out of the armed services.

Senator WARNER. But we get, in all probability, a better quality individual, one who recognizes that their level of education and motivation is such that they will contribute more during those 3 years, and then, afterwards, of course, in the reserve, and use those skills, put those skills back into civilian life.

So much of the loss of our money in the service today goes from the high rate of attrition. It is just shocking, the rate of attrition. And then the inability of young men and women, through no fault of their own, to be able to learn from the manuals and learn the high technical requirements of service life today.

Mr. WYLIE. I come by that thought honestly. I have a statement here in front of me, from Robert Stone, Acting Assistant Secretary of Defense for Manpower, and he says, on page 3 of his statement, which I am going to ask him about:

> A GI bill of this kind could entice skilled people to leave military service to take advantage of their educational benefits instead of reenlisting. This would not only raise our accession requirements, it would also hurt our career force.

Now, I have some apprehension, you know, as I say, but we will get into that a little more later on, I suppose, and I'll want to ask that same question of Mr. Stone.

Senator WARNER. But do bear in mind the Reserve requirement which is coupled to ours.

Mr. WYLIE. I will. Now, you have mentioned cost is low, and the Budget Office has submitted a statement that the cost-estimate could be as high as $6 billion by 1995.

What would you think about a pilot program which would put a cap on it, say, for 2 or 3 years, just to see how it might work?

Senator WARNER. We basically have a small pilot program going now in the military. I readily confess that the estimates of this are not as strong as I'd like to see them, and I will have to defer to the expertise of this committee and my colleagues in the Senate to refine those costs but, when I see $4.5 billion basically given away by this Nation and getting certainly nothing in return commensurate with what the young men and women now are providing through active service in the military, I want to put this program right at the top because there is nothing—I mean, you can go back to the Constitution.

Our main function, as citizens of this country, is the defense of our Nation, and everything else is secondary.

Mr. EDGAR. The gentleman's time has expired. I might, just for the record, indicate that the Congressional Budget Office estimates the cost of the bill which we are looking at, H.R. 1400, by 1986, to be $666 million. That is considerably lower than the $6 billion figure by 1995.

I might also draw the attention of our colleague, Mr. Wylie, it would be helpful, I think, for you to read some of the testimony of Tuesday, when some of the people who are involved in personnel recruitment within the service indicated that the VEAP program and some of the other programs that have been in place as tests and pilot programs are actually destructive because they give disquieting signals and different signals to the recruiters.

One of the things we talked about in great depth the other day was the possibility of establishing a bill, whether it is H.R. 1400 or some other bill, on GI education, that could be given to the service as a long-term recruitment and retention option rather than the kind of experiments that fall on their face. There has already been a great deal of testimony about the problems with these contributory experiments.

I would like to yield to Mr. Jeffries at this time, from Kansas.

Mr. JEFFRIES. Mr. Chairman, really, I don't have any questions. I just want to thank both of you gentlemen for a very concise, straightforward testimony. I think you have put some real thought behind this, and I just want to thank both of you, it was very good. Thank you, Mr. Chairman.

Mr. EDGAR. Mr. Boner? Mr. Sawyer?

Mr. SAWYER. I, too, want to join in thanking both of you gentlemen for taking the time to come and appear. I have just a couple of questions.

When we originally developed the GI bill, it was not, of course, designed at that point to either recruit or retain. It was a rehabilitation type of bill. Now this is coming around to being something quite different.

I just wonder if we are recognizing it strictly as recruitment and retention. Wouldn't the same amount of increased pay and let the

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people decide what they want to do with it, be more effective than a program that, in effect, dictates to them that if they want to take advantage of it, this is what they have to do or they get nothing?

Senator WARNER. My first reaction—and I want to say this in a most careful and delicate way—is that we don't get the quality. We offer these high salaries to young men and women who simply are not able to meet the requirements for technical service today.

I don't want to sit around and tell a whole lot of sea stories, but I remember vividly in World War II, when I walked into boot camp in 1944, we arrived at 3 o'clock in the morning, and the fellow said on a bullhorn, "All those who can't read and write, raise their arm", and I was shocked.

I had been raised, my father a doctor, in a home, and I didn't know there existed people who couldn't read and write, but that same group went through boot camp. The fellow on the bullhorn also said: "You smart so-and-so's who can, fill out the forms for the others".

That same group, within 6 months, was whipped into a crew and went aboard a destroyer, and they were able to provide just as much useful service, even though they couldn't read and write, as those of us who could because they could learn skills aboard that ship, and formed a crew, a fighting crew.

It can't be done today on a vessel in the Navy. There just aren't positions in the Navy today for persons who can't read and write and, therefore, we've got to entice higher qualified persons into the Armed Forces, and that, I think, is the main purpose of this bill.

Mr. WHITEHURST. I have to echo that. Someone wrote a book recently or a few years ago called "Why Not The Best?" and I think that this is what this bill will do, it will attract quality people, and just shelling out more money—that's been a help so far, but I think this complements that, I think this complements the additional pay we have offered.

Mr. SAWYER. My thought was that if we use pay, really, as a basic way of attracting able people in many, many areas, in fact, most, except perhaps the ones we are involved in, but it just seems to me, if it is going to cost *x*-number of dollars for a program, might we not be just as effective in attracting quality people by taking that amount of money and adding it to the pay, and let them decide if they want to save some.

Senator WARNER. Let me just point out here that this dollar flow doesn't begin until after the individual leaves the service, and then those dollars go from his pocket into the educational institutions, which very much are in need of this funding, particularly if we draw down this $4.5 billion program to put this one in as a substitute, whereas if you just give it across-the-board pay, the local bars will be the main beneficiaries early on.

Mr. WHITEHURST. Let me suggest that that question would perhaps better be asked of the people you are going to talk to when you talk to the servicepeople. Ask them because the word that I have, from the people I've talked to, is that this is a great program and they would like to see it instituted.

Mr. SAWYER. Thank you. I have just one more question. Why do you pick 36 months instead of 48? The average college education is 4 years. Why is it 36 months?

Mr. Whitehurst, Actually, you are not in class all year long. A month of education—you can get 4 years in, that is, 4 years of college in the sense of 4 calendar years, you can——

Senator WARNER. Nine months is the normal college year, so 4 times 9 is 36. It works out that way.

Mr. SAWYER. Thank you. That's all I have, Mr. Chairman.

Mr. EDGAR. Mr. Jeffries?

Mr. JEFFRIES. Would the gentleman yield? I think what we are talking about here, are we not, we are talking about the quality of people in the service, we can increase the quality of people in the service by going to universal military training, which we are not wanting to do at this stage of the game.

We are talking about hunting for some method of keeping the volunteer service viable, and this is our last kick at the cat, so to speak, to make the thing viable. And if we can't do that, and if this doesn't work, then I think what we are looking at is, probably we are going to have to go to a draft, and I think this is what we are trying to avoid. I thank you, again, for your testimony.

Mr. EDGAR. I would like to thank you, Congressman Sawyer and Senator Warner, for your illustration about boot camp and the fact that people raised their hands who could not read or write. Having grown up in a family with a doctor, I just reflected on that subject a little bit. I think all doctors can read, but most of them can't write.

Senator WARNER. My father could read and write Latin and Greek, wrote all his prescriptions in Latin. He was a brilliant man.

Mr. EDGAR. Maybe that is the problem with other doctors, they are always writing in Latin, and it is hard to understand them.

You have given valuable testimony this morning. Let me just suggest to you that we hope to move on a fairly quick timetable and get a bill reported, or at least voted on, depending on where our colleagues are, up or down, in the amending process, before the May 15 deadline. Senator Warner, you could do a valuable service for your legislation and for the concept of the three R's, retention, recruitment, and readjustment for the All-Volunteer Force, if you could spend some time on the Senate side talking to your colleagues about this proposal, and also having a good strong conversation with our new President, Ronald Reagan. It is going to be necessary to have their support in the Senate and in the White House, if we are going to use this as a readjustment, retention, and recruitment measure. I thank you for taking the time and spending it with this subcommittee.

Senator WARNER. Thank you, Mr. Chairman, and I thank the distinguished members of this committee for extending courtesies to a gentleman from the other side.

Mr. EDGAR. Our next series of witnesses will be a panel of four persons: Hon. Robert Stone, whose testimony has already been quoted, Acting Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics; Capt. J. Michael Boorda, Principal Assistant for Manpower and Reserve Affairs to the Assistant Secretary of the Navy; Hon. Joe F. Meis, Acting Assistant Secretary of the Air Force for Manpower, Reserve Affairs, and Installations; and Mr. Bob Smith, Director of Personnel and Training, Office of the Secretary, Department of Transportation, who will be focusing,

I believe, on the issues relating to the Coast Guard. The Coast Guard has a strange commander in the Secretary of Transportation.

Welcome this morning to the hearing. We heard some very eloquent and articulate testimony on Tuesday from military personnel whom you represent from time to time, and we look forward to hearing your statements.

I'd like to suggest, in terms of time and timeliness, that it probably would be helpful for you to summarize your statements. All of the statements will be printed in the record, in full.

I don't want to limit anybody too much in terms of their presentation, but for the sake of a timely discussion, it would be helpful if you could summarize your comments.

We will hear, first, from Bob Stone.

STATEMENT OF HON. ROBERT STONE, ACTING ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, RESERVE AFFAIRS, AND LOGISTICS

Mr. STONE. Thank you, Mr. Chairman. I appreciate the opportunity to appear before the committee to present the Department of Defense's position on proposed educational incentives legislation.

At this time, we do not support a new comprehensive program of educational benefits, a new GI bill for military service. Our reason is simple. We are not certain which of the programs of educational assistance currently under discussion will help us in our recruiting and retention efforts. We think there is a possibility, in fact, that some of the current proposals could waste a lot of money and some could actually hurt our recruiting and retention program. Let me explain.

We want to make certain that any new GI bill supports recruiting. We think it is possible to design an educational incentives program that will help us to recruit more high school graduates, more individuals who score well on our entrance exams, and more individuals who can effectively assimilate and retain the training to perform well in the military. But we need more time to design such a program.

An educational benefits program should lead to an overall increase in the number of high-quality people entering the military who would not enlist otherwise. We also don't want to offer educational assistance for terms of service so short that they will induce people to enlist for 2 years, for example, instead of 3 or 4. If this happens, we will just have to recruit lots more people to maintain our current military strength.

We are very concerned about the effect of a GI bill on retention. A GI bill could entice skilled people to leave military service to take advantage of their educational benefits instead of reenlisting. This would not only require us to recruit more people, but it would also hurt our career force.

Allowing military personnel to transfer their earned benefits to their dependents might help retention, but we don't know how effective this type of incentive would be. It might be of considerable interest to a member with 14 years of service who has children approaching college age but, remember, half our enlisted force is single.

The value of the transfer privilege for the unmarried servicemember making his reenlistment decision at the end of his first or second term is subject to great doubt. And, even for the unmarried member, we have a real question. Will the promise of educational benefits for his dependents encourage him to remain in the service now, even though he probably won't use the benefits for 15 or 20 years? And if transferability has no real value to someone with only 4 or 5 years of service, educational benefits may become a disincentive to retention, since the member must leave service to take full advantage of his benefits.

We have currently underway a comprehensive effort designed to answer the questions I've raised. In the 1981 Defense Authorization Act, Congress directed the Department of Defense to test several different educational programs during this fiscal year.

We are testing a noncontributory, inflation-adjusted tuition assistance program which includes a subsistence allowance; second, we are testing a student loan forgiveness program; third, we are testing a new version of the veterans' educational assistance program, in which the Government pays the individual's contribution. In addition, the Army is continuing its experiments with the VEAP program in which an Individual can receive $17,400 worth of benefits for a 3-year enlistment.

For purposes of the test, we have designated separate parts of the country in which the various options are offered. High school graduates with no prior military service, who score over 50—that is, above average—on the Armed Forces qualification test and who agree to enter a particular military occupation, are eligible to choose one of our options. Under this test it is possible for individuals to earn up to $15,600 in Government-funded education benefits. In addition, in some cases, an individual can receive an enlistment bonus of up to $5,000 in cash beyond the educational package.

The objective of the test program is to estimate the effect of an expanded educational assistance program on recruiting, on retention, and on the future supply of manpower for the All-Volunteer Force. As part of the test program, we will conduct two surveys designed to measure youth awareness of the programs and to measure attitudes regarding future education and military service.

Together, these efforts will tell us whether or not educational incentives can attract high-quality youth into military service. They will also tell us if we can design educational assistance programs to be a positive inducement for career service. We don't want any program that will be a negative inducement for career service. Finally, we will see the value enlistees place on an educational assistance program that includes transferability and other provisions.

The preliminary results of our test program will be available by October. Only then will we feel confident in our ability to recommend to the Congress an educational package that will address the concerns we all have.

We expect to have permanent legislation ready for your consideration early next year; meanwhile, we need your help in getting from here to there, to the time that such permanent legislation is in place. The programs we are testing all expire this year. The

Department asks that Congress give us the authority to continue these programs until the new permanent legislation is in effect.

Let me assure this committee that the Department of Defense is committed to the development and the implementation of an effective educational incentives program for military personnel. President Reagan and Secretary Weinberger have made this commitment publicly. We remain convinced that the information we will gain from the present educational incentives test, mandated by the Congress, is essential to the design of a new program.

To enact a GI bill before these test results are known would be risky and it could waste hundreds of millions of dollars. What we do not want or need is a new GI bill that hinders rather than helps the All-Volunteer Force. Mr. Chairman, this concludes my remarks.

Mr. EDGAR. Thank you for your comments.

[The prepared statement of Mr. Stone follows:]

PREPARED STATEMENT OF ROBERT A. STONE, ACTING ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, RESERVE AFFAIRS, AND LOGISTICS

Mr. Chairman, members of the Committee, it is a pleasure to appear before this Committee to present the Department of Defense position on proposed educational incentives legislation. Whether or not Congress should enact a new GI Bill at this time, and what form this bill should take, are very important questions for the future of the All Volunteer Force.

As all of you are aware, GI Bills since World War II were designed as post-service educational and vocational assistance programs to help service people make the transition from military to civilian life after serving their country during a time of armed conflict. The GI Bill proposals which are currently being discussed, and which this Committee is considering, have a very different purpose. The primary purpose is to help the military services attract and retain bright, motivated individuals. We unequivocally support such use of educational incentives. But we think that the awareness of this change in emphasis is critical in designing a program of educational benefits for the military.

At this time we do not support a new comprehensive program of educational benefits—a new GI Bill—for military service. Our reason is simple: we are not certain which of the programs of educational assistance currently under discussion will help us in our recruiting and retention efforts. In fact we think that there is a possibility that some of the current proposals could waste a lot of money, and some could actually *hurt* our recruiting and retention programs. Let me explain.

President Reagan has committed his administration to spending whatever is necessary to improve our military capability. But as Secretary Weinberger has also said, we will ask for only those resources that we can spend wisely. We would prefer not to spend hundreds of millions—or even billions—of dollars on educational benefits that do not expand our recruiting market. We don't want just to add new benefits for people who would have entered military service anyway. The taxpayers deserve that we apply our resources more wisely than this.

We want to make certain that any new GI Bill supports recruiting. We think it is possible to design an educational incentives program that will help us to recruit more high school graduates, more individuals who score well on our entrance exams, and more individuals who can effectively assimilate and retain the training necessary to perform well in the military. Our problem is that we need a little more time to design such a program.

An educational benefits program should lead to an overall increase in the number of high quality people entering the military who would not enlist in the military otherwise. It should not simply improve the competitive position of one service over another for the pool of higher quality individuals we are recruiting now. We must also be careful not to offer educational assistance for terms of service so short that they will induce people to enlist for two years, for example, instead of three or four. If this happens, we will have to recruit lots more people to maintain our military strength. We need to be exceedingly careful not to damage the all volunteer force in this way.

We are also concerned about the effect of a GI Bill on retention. A GI Bill could entice skilled people to leave military service to take advantage of their educational

benefits instead of reenlisting. This would not only raise our accession requirements, it would also hurt our career force.

Allowing military personnel who stay in service to transfer their earned educational benefits to their dependents might help retention, but we don't yet know how attractive this type of incentive would be. It might be of considerable interest to a member with 14 years of service who has children approaching college age. But remember, half of our enlisted force is single. The value of the transfer privilege for the unmarried servicemember making his reenlistment decision at the end of his first or second term is subject to great doubt. Even for the young married member there is a real question: Will the promise of educational benefits for his dependents encourage him to remain in service even though he probably won't use the benefit for 15 or 20 years? If transferability has no real value to someone with only four or six years of service, educational benefits may become a disincentive to retention, since the member must leave service to take full advantage of his benefits.

Finally, we believe very strongly that an educational incentive program must be integrated into the total military compensation package. Last year Congress passed substantial increases in military compensation. Military pay was increased 11.7 percent. A variable housing allowance was authorized. Enlistment and reenlistment bonus levels were increased. Increases in sea pay, flight pay, and submarine pay were approved. In addition, President Reagan has requested a July 1, 1981 military pay raise of 5.3 percent to restore military pay to a level comparable with the private sector. We are also requesting additional bonus authority in fiscal year 1982. We must evaluate any program for educational incentives in the context of these recent and planned increases in military compensation. Dollars spent on military compensation should complement, and not compete with or duplicate, one another.

We currently have underway a comprehensive test effort designed to answer the questions I have raised. In the fiscal year 1981 Defense Authorization Act (Public Law 96-324), Congress directed the Department of Defense to test three different educational incentive programs during fiscal year 1981. These programs are: a tuition assistance program which is noncontributory and inflation-adjusted, including a subsistence allowance; second, a student loan forgiveness program; and third, a new version of the Veterans' Educational Assistance Program (VEAP) in which the government pays the individual's contribution. In addition, the Army is continuing its experiment with the VEAP program in which an individual can receive $17,400 worth of benefits for a three-year enlistment.

For purposes of the test, we have designated specific areas of the country in which two, three and four-year enlistment options with certain educational incentives are being offered. Only high school graduates with no prior military service who score over 50 on the Armed Forces Qualification Test and who agree to enter a particular military occupation are eligible to choose one of our options. Under this test, it is possible for individuals to earn up to $15,600 in government funded educational benefits. In some cases, an individual can receive an enlistment bonus of up to $5,000 in addition to the educational benefits, making his or her entire enlistment incentive package worth substantially more.

The objective of this test program is to estimate the effects of expanded educational assistance programs on recruitment, retention and the future supply of manpower for the All Volunteer Force. As part of the test program we will conduct two surveys designed to measure youth awareness of the programs. The surveys will measure attitudes regarding future education and military service and the impact of the educational assistance programs on their enlistment decisions. This test program will tell us whether educational incentives can attract high quality youth into military service. It will also tell us if we can design educational assistance programs to be a positive inducement for career service. Finally, we will be able to observe the value enlistees place on an educational assistance program that includes transferability, cost-of-living escalation, cash-out provisions, and non-contributory benefits.

The preliminary results of our test program will be available by October. Only then will we feel confident in our ability to recommend to the Congress an educational incentives package that will address the concerns we all have. We expect to have permanent legislation ready for your consideration early next year.

Meanwhile we need your help in getting from here to there—to the time that such permanent legislation is in place. The programs we are testing all expire this year. The Department asks that Congress give us the authority to continue these programs until the new permanent legislation is in effect.

Let me assure this Committee that the Department of Defense is committed to the development and implementation of an effective educational incentives program for military personnel. Both President Reagan and Secretary Weinberger have made this commitment publicly. But we remain convinced that the information we will gain from the present educational incentives test, mandated by the Congress, is

essential in designing an effective program. To enact a new GI Bill before these test results are known would be risky and could waste hundreds of millions of dollars. What we do not want or need is a new GI Bill that hinders rather than helps the All Volunteer Force.

Mr. Chairman, this concludes my prepared statement. I will be glad to answer any questions you may have at this time.

Mr. EDGAR. You have said a great deal, and I think I have 47 pages of questions for you, but we will hold those questions until we hear from our other witnesses this morning.

Capt. Michael Boorda, Principal Assistant for Manpower and Reserve Affairs, Assistant Secretary of the Navy. We welcome you here this morning and look forward to your testimony as well.

STATEMENT OF CAPT. J. MICHAEL BOORDA, PRINCIPAL ASSISTANT FOR MANPOWER AND RESERVE AFFAIRS TO THE ASSISTANT SECRETARY OF THE NAVY

Captain BOORDA. Thank you, Mr. Chairman. I listened to Senator Warner. I came into the Navy as a high school dropout, used my GI bill to get an education, came back. I hope our careers have other parallels, when all is said and done.

Mr. EDGAR. The Senator should proceed. [Laughter.]

Captain BOORDA. Manpower people can make the discussion of analysis and whether or not we will be successful in recruiting, retaining and doing other things with people very complex. But we have a bottom line, and the bottom line is, can we produce the trained individual we need, in the right place—be it on the ground, in a ship, in an airplane—when we need him.

Right now, in the Navy, we can't do that in all circumstances, and Senator Warner and Congressman Whitehurst talked about some deficiencies we have. Last year, the 96th Congress, and the House in particular, helped us quite a bit to move down the line toward being able to fulfill our responsibilities.

Admiral Zech and General Bronars told you how pleased they were. I would like to tell you, on behalf of my Secretary, that we most appreciate what you did last year, but it points up something.

It points up that things have to be in balance, people are rational and people given choices, make choices. What we are talking about today is giving them yet another choice, and I'd like to talk about manpower analysis in its most basic terms for a minute, to try and outline what kinds of choices we better and better not give people.

First of all, while we can break manpower analysis down into thousands of little pieces, I break it down into four things—not the three R's you talked about, Mr. Chairman, but they are close—recruiting, attrition, retention, and reserve participation, and I think I can talk today about those four things and tell you about our Department's concerns.

First of all, recruiting is good this year. Both our service personnel chiefs told you that. We are recruiting the quality people we need and the quantity, and that is very good, and we ought to be happy, but we'd better look into the future.

It has been said this morning that the demographics are against us, and they are, and I hope the economy will be against us because our recruiting is directly tied to the economy, not just economy as it is but the economy as it is perceived by kids finishing high school.

Attrition is a problem. It is coming down. I'm talking about first-term attrition, people who don't finish their first enlistments, and it is a problem for us, but it is coming down.

It is coming down because we have made a conscious decision in the Navy and in the Marine Corps to recruit for quality, and we find that a high school-diploma graduate does not attrite at the rate the nonhigh school graduate does, Senator Warner and Mike Boorda aside.

So, we need to get high school graduates, and a GI bill targeted to get us high school graduates is certainly something that we ought to consider very carefully.

Retention is up, and it is up, in great measure, to what you did last year and in, I think, not less measure, to the Commandant of the Marine Corps, supported by the Secretary, in having a real effort to have pride and professionalism in that Corps. You ought to be prouder than we are.

The Navy is moving in that direction very strongly. I'm sure Admiral Zech mentioned that, the Chief of Naval Operations efforts. It is not all money, but money is a big part of it.

People do act rationally. When we gave them sea pay last year, sub pay, some meaningful pay increases, they started staying with us in bigger numbers.

They also act rationally if you give them opposite choices, and a GI bill will give a career petty officer, or someone about to make a career, a staff NCO, another option. Some will choose it. So, a GI bill, whenever passed, has to consider the fact that it is a draw against retention, in some measure, and that was talked about by some of the Members this morning.

Let me give you an example of how people act rationally and something you can do something about now. As you know, the GI bill that terminated in 1977, the benefits from that expire in 1989.

Now, believe it or not, we are losing people today who are telling us—and I hope you will ask this question during your hearings out in the field—but they are saying, "I am leaving because I want to use my GI bill benefits."

We gave them a choice, they make a choice; maybe not big numbers, but numbers of people. That doesn't need to be.

If we only extend the 1989 date or do away with it, I think we will find that those who stay with us will not use that benefit in large numbers, but we will not have to have them make the choice to leave.

So, I hope that sometime in the near future, we will get a chance to work with your staff members and with the members of this subcommittee to make an attempt to eliminate that 1989 date. It is causing us real and pervasive problems in the Department of the Navy.

I said people act—and I'm still on my retention topic and I'm almost finished—but I said people act rationally. If we don't have compensation right and we don't have conditions of service right, then a GI bill that has enough draw to get the high school graduate in the Navy will have enough draw to get the high school graduate veteran out of the Navy, and I am very worried about that, and I think this bill, any bill, whenever, needs to be very

carefully fine tuned so that we don't create one problem while we are solving another.

That is a real concern, and the military and the civilians in the Department of the Navy share that concern. I think that we also have to remember that the services' problems are not the same.

The Navy brings to the field of battle, a force that is basically in existence. Our ships have to be manned by enough people to operate the ships safely and to fight the ships. And the reservists that would come aboard ship would be relatively small numbers.

In the Army, on the other hand, I am sure that you will hear next week from Bill Clark about their Reserve needs, and I know you have heard that from General Meyer. They are of more concern to them than they are to us, so any bill, again, has to consider the differing service needs and not do harm to one Service in the effort to fix a problem in another.

This is a very complex issue and one we have to deal with. Finally, I'd like to say that any bill that the Defense brings forward, or that this committee considers, has to be understandable by the recruiters and by the people you are trying to bring in.

If he needs the education to understand the bill before he can get the education benefit, which is now the case with many of the things we are doing, we haven't accomplished much.

Advertisements for recruiting have to be simple, understandable and attractive and, if the bill is too complex, it won't do the job. Thank you, Mr. Chairman.

Mr. EDGAR. And consistent.

Captain BOORDA. And consistent.

[The prepared statement of Captain Boorda follows:]

PREPARED STATEMENT OF CAPT. J. MICHAEL BOORDA, U.S. NAVY, PRINCIPAL ASSISTANT, MANPOWER AND RESERVE AFFAIRS TO THE ASSISTANT SECRETARY OF THE NAVY, MANPOWER, RESERVE AFFAIRS AND LOGISTICS

Mr. Chairman and Members of the Subcommittee, I want to join previous Department of the Navy witnesses in stating what a pleasure it is to appear before this Subcommittee. The leadership and energy of the House of Representatives during the last Congress were deciding factors in the passage of legislation of major importance to the manpower health of our Department and the well-being of Navy and Marine Corps men and women. The compensation improvements authored in the Committee are already having a favorable impact on our personnel and are reflected in improved retention rates during fiscal year 1981. As you know, the current Administration has requested additional improvements during fiscal year 1981 and in the fiscal year 1982 Budget request. I believe it is important to maintain the momentum created last year and know that the Committee will deal with these new requests with the same thoroughness and dispatch that we experienced last year. Getting and keeping compensation in balance, that is, having rewards for effort and sacrifice in proportion to the demands we place upon our people is critical to the maintenance of personnel readiness and, thus, combat readiness of our Forces.

I particularly want to thank Mr. Montgomery for his initiatives on behalf of past, present and future servicemen and women. Veterans' benefits, educational benefits in particular, have always played a major role in attracting and keeping high quality personnel in the Services. In this age of ever increasing technology the quality of our people also grow in significance. It is, however, of critical importance that we we ensure that efforts to correct personnel problems are tailored to the situation. It is quite possible that correcting one problem could lead to increasing difficulties experienced in another, equally important, area. Let me be more specific.

The recruiting of high quality personnel is of the greatest concern. This is a good year for our recruiting commends. They are bringing in the numbers of people we require and the quality is good. Navy and Marine Corps are meeting their high school diploma graduate goals. Prior service recruiting is above target. One must view this success in light of current economic conditions, as we cannot afford to

think only of the current year, we must try to predict future recuiting performance. It is a well known fact that the eligible youth population will decline during the rest of this decade. We also believe that youth unemployment plays a significant role in recruiting success. Thus, with the declining market and, as we all hope, an improving economic situation, we might well expect more difficult recruiting in the future. A major education incentive for enlistment might be a key factor in the decisions of many personnel in opting for military service. Certainly past history would lead us to believe that this is true.

Recruiting is a potential problem but it is not the only problem we face. Retention of high quality, trained and experienced personnel in the career force is of critical significance as well. There is no way that we can replace these personnel with recruits. Put in its most basic terms, it takes eight years to grow eight years of experience. As we lose petty officers and noncommissioned officers we must recruit and train replacements but these new recruits are extremely expensive, recruiting and training costs are quite high, and they are years away from the level of proficiency of those who have departed. If the loss of potential career personnel is too great, as it has been over the past several years, recruiting goals may be inflated beyond out ability to recruit even with the most attractive educational incentives. If educational incentives are used as the correction, they might well serve as a disincentive toward retention and thereby increase the overall problem. The needs of the Navy and Marine Corps today argue for the establishment of those kinds of benefits which will directly encourage large numbers of people to remain on active duty beyond their initial enlistments. We are, as a result, very concerned with the retention attractiveness of any proposed GI Bill.

There has been considerable discussion regarding the need for comprehensive educational benefits legislation, a new GI Bill, for our service personnel. Traditionally, such bills were designed to reward our veterans for their service by assisting them in their readjustment to civilian life. That assistance not only took the tangible form of increased educational opportunities, but also provided a signal to the veteran of society's appreciation for sacrifices made. Today, the imperatives for new GI Bill legislation such as HR 1400 must include those traditional goals but new concerns as well. If a viable and volunteer military force is a benefit to society as a whole, then the new GI Bill must embrace not only the needs of the returning veteran but the needs of the carrer serviceman and woman as well. It is clear that a GI Bill cannot provide sufficient retention draw to be the total solution to our career force shortages. It must, however, have sufficient draw so that, when combined with other retention motivators, it will not become a major disincentive.

These concerns cannot be accommodated only by considering Navy and Marine Corps needs. The Congress and the Department of Defense must consider the needs of all Services. For other Services it may well be that recruiting and reserve manning and participation are the foremost concerns. Certainly, each of the Services has varying degrees of urgency associated with recruiting, retention and reserve manning goals. A balance must be sought between the overall social and military imperatives and among the Services as well. We must not solve one problem by creating another.

Navy and Marine Corps are participants in the current DOD test, the Educational Assistance Test Program. This test has been designed to better understand the attractiveness of the many and varied benefit features now being proposed. Prior to enactment of a new GI Bill, we must clearly understand the potential impact on recruiting, retention and reserve participation and, in order to maintain a healthy total force posture, it must coincide with other compensation improvements.

I have greatly appreciated the opportunity to discuss this most vital matter with you today and will be most pleased to answer any questions you may wish to ask.

Mr. EDGAR. The next speaker will be the Honorable Joe Meis, who is Acting Assistant Secretary for the Air Force for Manpower, Reserve Affairs and Installations.

STATEMENT OF JOE F. MEIS, ACTING ASSISTANT SECRETARY OF THE AIR FORCE FOR MANPOWER, RESERVE AFFAIRS AND INSTALLATIONS

Mr. MEIS. Mr. Chairman, I also appreciate the opportunity to appear before this committee to talk about an issue that I feel is very important to the military posture of this Nation.

Being the last speaker always puts me in the position of saying, "Well, if I expressed all my views, it would be largely redundant of

what you've already heard, so I will make my comments as brief as I can".

No. 1, I am aware of the testimony that was given to this committee by General Iosue on Tuesday of this week, and I would simply like to say that I fully endorse his views, and that he did accurately represent the views and the position of the Air Force with respect to this important issue.

No. 2, it is always a source of comfort to those in the personnel business and also to our military population at large, when they can read in the paper comments that were made by the chairman in his opening remarks this morning when he referred to the need to maintain our commitment to the veterans, and this is no time to switch signals.

I think this type of a commitment is a reassurance that is a source of comfort to our entire military population.

No. 3, I'd like to talk just briefly about the Air Force situation. General Iosue covered it, my Navy colleague just talked about it, and that is, the situation is different between and amongst the military services.

In the Air Force, we have historically been able to meet our recruiting objectives. We have had a problem with retention. So, whatever education incentive program or package we come up with, we, the Air Force, are very much concerned about the retention aspect, and it must consider those important considerations.

Just a word with respect to its application to the Reserve forces. Senator Warner covered it in considerable detail this morning and I certainly agree with his views.

I would simply like to say that the Reserve forces are an integral part of our total readiness posture. To maintain our Reserve forces with adequate strength, both in terms of numbers, quality of people, education and so on, is as important in a Reserve force unit as it is in the active; therefore, that portion of the bill or proposal that we have talked about and that is contained in H.R. 1400 pertaining to the Reserves is very important and I, for one, want to endorse that aspect as strongly as I possibly can.

I would finally like to say that I believe something else we have to talk a little bit more about is that there is no question that we need some educational incentives within the military system, but I think we refer to it too many times as serving the purpose of only providing a recruiting and retention purpose, and I think it extends far beyond that because the benefits that we get from the increased educational levels are also benefits that accrue to our total society, not only while they are in the service but once they depart and take up their vocational responsibilities as productive members of the private sector.

And with these opening remarks, I'd just simply like to say, again, I want to emphasize that we need some educational incentives. I think we need the time, however, to really assess and hear all of the views with respect to this important matter, so we can put together a very meaningful and workable package, a workable program.

Finally, I would like to commend the committee for the action it is going to take to go out and visit military installations and hear the views, particularly from the people who will be the benefici-

aries or recipients of this type of a program, and not just base your decisions on Washington level testimony.

I would say, based on my own experience and my travel, I make it a point every time I visit an installation, to have a little skull session, particularly with enlisted members. And I can say without reservation, Mr. Chairman and members of the committee, that second only to pay comparability, educational benefits or initiatives is the most sought after incentive that our people are looking for.

I think it will go a long way toward recruiting and also retention, which is the most significant thing we are seeking, from an Air Force point of view. Thank you very much.

Mr. EDGAR. Thank you very much for your testimony. It is very helpful, very targeted and very to the point.

[The prepared statement of Mr. Meis follows:]

PREPARED STATEMENT OF JOE F. MEIS, ACTING ASSISTANT SECRETARY OF THE AIR FORCE FOR MANPOWER, RESERVE AFFAIRS AND INSTALLATIONS

Mr. Chairman and Members of the Subcommittee, education and training opportunities have tradtionally been a major attraction for young people to serve in the military. The Vietnam era GI Bill was a strong incentive for military service and the decision to replace the Vietnam era GI Bill, for persons entering the service after 1976, with the much less desirable contributory Veterans Education Assistance Program (VEPAP), significantly reduced the appeal of military service for many high quality personnel with college or vocational aspirations.

As we enter the decade of the 1980s, the military services are faced with a more difficult recruiting environment. The population of 17-21 year-old high school graduates is forecast to decline by some 20 percent by the year 1990. Additionally, surveys indicate that the propensity of young people to consider military service has dropped substantially. The myriad of easily obtainable funding sources for higher education which do not require military service certainly has contributed to this shift in attitude.

In addition to the anticipated tough recruiting climate, and of even greater concern to the Air Force, is the need to be able to retain adequate numbers of our highly skilled mid-career personnel. There is evidence that the recently enacted pay raise along with the other new compensation initiatives are bearing fruit—particularly with the promise of additional incentives yet to come. Retention is turning around. So we need to ensure that any new education incentives does not work against retention. While the old GI Bill was a strong recruiting attraction, large numbers of people who entered the military left to use their eductaion benefits upon completion of their initial enlistment. This was offset to a degree by in-service education programs which have helped to retain quality people. Since termination of the GI Bill, the Air Force has had over 300,000 in-service college enrollments reported annually. Of these, 65 percent were serving beyond their initial enlistment. Thirty-five percent of these enrollments were using the in-service provision of the GI Bill.

In my judgment, it is clear that similar educational opportunities serve a national value by helping many young people achieve vocational and educational goals, who might not have done so otherwise had they not chosen to serve their country.

A properly designed new education incentives program would improve the services' ability to compete, in a deteriorating recruiting environment, for high quality young people and at the same time meet our critical retention need. A balanced program is essential—one which offers adequate incentives "up front" to attract high quality young people and which has strategically placed retention incentives designed to promote continued service from substantial numbers of highly trained and experienced personnel.

Thank you for the opportunity to address the distinguished committee on this very important issue.

Mr. EDGAR. Before we move to our next speaker, I would like to recognize the fact that about 50 students from Springfield High School in Delaware County, Pa., have joined us in the hearing room.

It happens to be a very unique high school because back in the old days when I was little, I graduated from that high school. I would like to recognize their presence today and thank them for stopping by in Washington. I hope, if they are able, in their brief hours here, to understand how human and how complicated a system of government we have, and how much it depends on their involvement in the process. We welcome you to the hearing.

Our next witness will be Bob Smith. Bob is Director of Personnel and Training for the Office of the Secretary, Department of Transportation. Bob, we welcome your testimony and hope that you will summarize your comments and then we can move to questions.

STATEMENT OF ROBERT S. SMITH, DIRECTOR OF PERSONNEL AND TRAINING, U.S. DEPARTMENT OF TRANSPORTATION

Mr. SMITH. Yes, sir, I will when I heard that Mr. Meis was the last speaker, I was ready to leave the room.

I would like to take exception to the chairman's remarks earlier. Secretary Lewis is not "strange," he is a very nice man.

I do appreciate the opportunity to appear before the committee and express the views of the Department of Transportation on H.R. 1400.

To summarize my remarks very quickly, the Department does support an effective educational assistance program. We recognize there is a need to attract and retain highly skilled and competent individuals into the military service, and we need to do this in an effective fashion. The operative word in my comments, however, was effective.

We do support the posture of the Department of Defense in terms of testing out whether this will do what it is purported to do. We are not supportive of anything that would waste the taxpayers' money unnecessarily. If the tests support these goals, we then would strongly support it.

As you heard, I believe, on Tuesday, the Coast Guard was not included as part of this bill. We do strongly urge, in whatever legislation is enacted by the Congress, that the Coast Guard be included. They are an armed force established by the Congress. They are just as much in need of skilled manpower and retaining skilled people as the Army, Navy, Air Force, and Marines.

Those are basically my comments, Mr. Chairman, and I will be glad to answer any questions on behalf of the Department.

Mr. EDGAR. Thank you for your testimony. I will ask unanimous consent that the Coast Guard be considered in all future discussions of the bill. I don't think you will be left out as the bill moves through the process of consideration.

[The prepared statement of Mr. Smith follows:]

PREPARED STATEMENT OF ROBERT S. SMITH, DIRECTOR OF PERSONNEL, U.S. DEPARTMENT OF TRANSPORTATION

I appreciate the opportunity to appear before the committee and express the views of the Department of Transportation on H.R. 1400 the Veterans' Educational Assistance Act of 1981.

First of all the department believes that an effective assistance program is of great importance to our national security. Every day the tasks required of our servicemen become technologically more complex. This is no less true of the Coast Guard than of the other branches of the armed forces. To perform these tasks well requires the sort of individual who has skills and interests in academic areas, and

who is motivated toward higher education. In coming years these people will enlist in the armed forces in adequate numbers only if their services will provide them with a means of achieving their educational goals. Otherwise, they will pass up military service to pursue their education through the many other means that are available in our society today. The Coast Guard like the other services cannot afford to lose these bright, ambitious men and women.

Such an educational assistance program, however, must be effective. That is to say, the educational assistance that it provides should not be an end in itself. It should contribute significantly to the recruitment and retention of capable personnel. And this contribution should exist in a favorable balance with the cost of the program. To assure that these conditions are met we support the position expressed by the Secretary of Defense, Mr. Weinberger, in his testimony on March 4, before the Senate Armed Services Committee.

In that testimony Mr. Weinberger pointed out that the Department of Defense is presently conducting congressionally mandated tests, and I quote, "to find out which programs will work best to recruit and retain the people we need." end quote. He then promised to report on the tests and, on the basis of the results, to recommend a permanent program to the Congress by next year. We believe that this is a sound and prudent approach.

In closing, Mr. Chairman, I would like to note that H.R. 1400 excludes from its coverage the United States Coast Guard. The Coast Guard was established by the Congress as an Armed Force. Its members carry the same obligations as the members of the Army, Navy, Air Force, and Marine Corps. They must guard the coasts of our country in time of peace and defend them in time of war. And, as I have already noted, the Coast Guard's need for personnel to perform complex technical tasks is no less than that of the other services. For these reasons I urge that, whatever program the Congress may ultimately enact, the United States Coast Guard be included as an equal participant.

Mr. Chairman, I conclude my prepared testimony. Once again I appreciate the opportunity to appear and I will be happy to answer any questions.

Mr. EDGAR. All four of you have been helpful in sharing your comments and being frank and honest. I hope that in the course of our questions you can be as focused and as articulate speaking from your personal perspective, and give us the opportunity to amplify some of your comments.

I am struck with the difference of testimony between those of you who have come to testify this morning, to some degree, and the testimony we received on Tuesday. It is in those areas that I would like to pursue some lines of questioning, and yield to my colleague in a few moments, to pursue those questions as well.

Let me begin with Mr. Stone. Could you, for the record, tell us what your background is, what your former career was before you became the Acting Assistant Secretary of Defense?

Mr. STONE. I'll be happy to, Mr. Chairman. May I start with the fact that my mother is a graduate of Chester High School.

Mr. EDGAR. I will not ask any of the cranky questions. [Laughter.]

Mr. STONE. I was educated at Massachusetts Institute of Technology in chemical engineering, worked in the aerospace industry for about 10 years. I have been with the Department of Defense for 12 years, all in the Office of the Secretary of Defense. The last 7 years, I have been with the Office of the Assistant Secretary for Manpower, Reserve Affairs and Logistics.

I have been responsible for a broad range of manpower and personnel matters.

Mr. EDGAR. Why do you suspect, given that rich experience with the Defense Department and your background and understanding, that your testimony differs so directly from General Meyers, General Yates and several of the admirals and officers who were here representing all of the services the other day?

Mr. STONE. Well, that's a tough question. I believe that the all-out support of the GI bill is based on some hopes that may turn out to be realized. They are based on the hope that it will be a powerful draw to the Armed Forces, particularly the Army, of a group of people that the Army doesn't appeal to very much today.

I hope that they are right. We will know by late this year, whether they are right or not. I believe that to enact a bill now would risk spending a lot of money—I heard the figure of $600 million a year, I have seen much bigger estimates—but there is a risk of spending a lot of money by enacting the bill before the facts are in, and the facts will be in very soon.

Mr. EDGAR. Let me quote for the gentleman some testimony that did occur on Tuesday. General Iosue, in talking about the test program, said and I quote:

> I can say, without equivocating, that I don't think the test will do anything for us. I think the tests are too narrow; in fact, I have cognizance over recruiting, and I don't understand it. We have not advertised the test. The recruiters are confused by it. We have very few people participating in it. They don't have the information available in the field and, at best, it is going to take four years or more to determine whether the retention portion of that test will work. So, I think if you are waiting for the test, I don't think you ought to forget it. Maybe that money can be spent in a different manner.

Then in questioning by my colleague, Mr. Daschle, General Bronars of the Marine Corps, testifying, I think, fairly accurately, said, and I quote:

> And we did participate, as do the other services, in the test program which was initiated for some of the services in December. For the Marine Corps, we started the participation in January. The test is to continue through this fiscal year, and would terminate, as I understand it, on October 1st. There are three different sections of the law that established and mandated the test program—one is Section 901, which provides for a test in certain geographic areas of our country. As far as the Marine Corps is concerned, and I can correct these for the record if my recollections are incorrect, but I believe 11 out of 47 recruiting stations participate in section 901, which basically provides for an opportunity or an option for the individual that is considering service on active duty for tuition grants.

He further states:

> As far as the Marine Corps is concerned, 14 out of 47 recruiting stations participate in section 903.

He goes on to talk about the fact that there is a second phase of the test that is to commence on April 1, which is aimed not at recruiting, which is phase 1, but at retention.

Now, we are going to start a test on April 1, finish it in September, and have more data than we have today to ask the question of impact on this particular question.

Before you respond to that, it occurs to me that the VEAP program has not worked, and that in your testimony, several of your testimonies, you indicated that there are three or four different tests or experiments out there now being conducted.

Most of the testimony we have received today indicate that either the tests are not thorough enough or the early indications of the tests are that they have failed, or that the tests will not give us any additional data at the end of the test period.

In light of the Air Force testimony, the Marine Corps testimony and the other testimony that our Chairman, Sonny Montgomery, made indicated relationship to the fact that the Armed Services Committee and the Congress of the United States would be willing

to back off from those test programs, which are very expensive, in order to put in place a coherent, consistent GI education bill for the long term.

Are you satisfied that the tests we are doing are adequate to answer all of the questions that are presently before us? Are you satisfied that putting in place a GI bill at this time in history would not help in recruitment, retention and rehabilitation of persons who serve in the All-Volunteer Army?

Mr. STONE. Let me talk about the test in two parts, Mr. Chairman. First, it is not quite fair to characterize the test, itself, as expensive. The test is cheap, but the benefits that we are offering under the test are expensive.

We are offering benefits upwards of $15,000 a year. Our estimate is that during the year, people will have signed up for benefits worth about $100 million. The administration of the test is a very small expense.

Now, how satisfied am I with the test? Let me talk about the two pieces of the test. One is the test of the recruiting incentive. I am very satisfied with that. We have recently started to advertise that heavily. By the end of the year, we will have solid data.

The country is divided into four parts. The first part, which is about half the country, is a control part; our other three offerings are split roughly evenly among the other three parts of the country.

At the end of the year, we will be able to tell you that in the control area, enlistments were up—well, just let me make up an illustration. Enlistments in the control area of high-scoring high school graduates were up 5 percent. Enlistments in control test cell A were up 10 percent. That kind of result will tell us whether the thing we are offering in cell A is drawing high-scoring high school graduates. I am very satisfied with that.

We will be in very good shape as far as knowing the effect of the GI bill on recruiting. We will know whether it expands our market or just distributes more benefits to the people who are already enlisting.

As far as retention, it would be comfortable for an analyst to say we want to measure people's behavior every 20 years, so let's run a test for 20 years. We know we can't do that.

We know that a GI bill will hurt retention. There is no question about that. First of all, it is unimaginable that an incentive that would draw people in so that they could get a college education would not draw any people out. We know it will hurt retention. We don't know how much.

We have some data on what happened to retention when the last GI bill expired. What we will test is whether the retention incentives that we are offering have any benefit on retention.

There is a chance that we won't have a solid answer to that. I could say that we will have a solid answer to the recruiting thing, and we will have better insights into the retention issue.

Mr. EDGAR. Don't we have some evidence on the recruitment, in light of the charts that were shared the other day, in 1975, 1976, 1977 and 1978 time frame where the dip went down after the veterans' GI bill was terminated?

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Mr. STONE. Mr. Chairman, I think those charts were plainly misleading. The——

Mr. EDGAR. You are suggesting that the Defense Department would come, with all of their high—as we called them the other day—muckety-mucks, and mislead us?

Mr. STONE. No, no. I think that a lot of people are trying to analyze what has happened in the past. The charts that I'm thinking of are the charts that show GI bill benefits falling off and recruiting falling off.

We can correlate our recruiting problems very closely with unemployment, with youth unemployment. When youth unemployment gets bad, recruiting gets good. That is the principal lesson of the past few years.

Unemployment was going down in the middle 1970's, and our recruiting was getting harder. Unemployment has been high in the last couple of years, and recruiting has been good.

I don't think we have any solid basis to say that recruiting troubles stem from the end of the GI bill.

Mr. EDGAR. Just for the record, I think it has to be clear that as a recruitment incentive, whether it is pay, or whether it is education benefits, or whether it is any other benefit, you need a larger number of recruits than you need persons retained within the service, to do qualified skills in specific areas, is that not true?

Mr. STONE. Yes, that is true.

Mr. EDGAR. I yield to the gentleman from Michigan——

Mr. STONE. Mr. Chairman, may I make one comment? I don't mean to imply that anyone has consciously misled or intended to mislead the committee. I would be critical only of the interpretation of data which is open to interpretation.

Mr. EDGAR. I yield to the gentleman.

Mr. SAWYER. I thank you very much, members of the panel. It has been educational to me to listen to these varying points of view.

You may have been here when I asked whether instead of a specific program in which some might be very interested, some might not be interested at all, which might, on the one hand, act as a deterrent to reenlistment or continuation of career, might we not be more effective by taking what the program would cost and adding it to the pay and other direct inducements to both attract people and keep them in, and let them decide what they want to do with the additional money as opposed to setting a specific type program that they either take advantage of or get nothing?

Mr. STONE. Mr. Sawyer, I don't think anyone can prove that position right or wrong. I think there is an awful lot of good sense to it and, in fact, I've seen some analysis of this issue by the Congressional Budget Office, and I would encourage you to consult with them but, in their analysis, the way they estimate the effect on recruiting is to convert the benefits to a cash equivalent.

Young people who want an education—what they really want is the money with which they may get an education. I think we would get a lot of benefit by making some equivalent cash offering, it might be more efficient use of money.

Mr. SAWYER. I guess all of us here in the Congress have spent a considerable amount of time kicking around this All-Volunteer

Armed Forces, and what the alternatives are, and what it's problems seem to be.

Certainly, we have all read widely on analyses of what it has done to the caliber of manpower and retention and all that sort of bit.

I wonder if what we don't really need is a structural reanalysis of the Armed Forces based on making them an attractive long-range career, which we are going to have to do if we are going to stay All-Volunteer.

It seems to me police departments and other operations are all oversubscribed, really, with people who want to join and, while I realize the military isn't analogous to that, it seems to me that if they were—we are almost playing at loggerheads with each other. We are saying, "Hey, look, here is an attractive career and we will accrue you some educational benefits so you can get out of it and do something else as soon as you've accrued it."

It seems to me if we were to give some real serious analysis to opening easily the ranks from noncommissioned to commissioned, to career opportunities, to in-house education, that will enhance a military career as opposed to learning something you can get out and make some money at civilian level, I just think the whole thing—we have proceeded to go on the basis, structurally, of a draft-based or compulsory-based service, and have not really structurally analyzed it to make it a totally attractive career.

While I recognize there are bad parts to a military career—other careers you don't have to stay 7 months at sea, separated from your family and so on—there are adverse things about a lot of other careers, too, that they seem to very successfully still attract all kinds of people.

Instead of this kind of thing, I have some feeling that the whole thing needs to be kind of restructured from a career point of view, as opposed to operating, as we always have, on kind of a draft pattern operation. Do you have any comments on that?

Captain BOORDA. Let me comment just for the Navy and Marine Corps for a minute. We need lots of different kinds of people. There isn't one guy, or one woman, out there that we are looking for.

I want to correct something while Chairman Montgomery is here because I will be in big trouble if I don't, and it does pertain to your question.

We do care about the Reserves in the Navy a whole lot, General, we really do, but it points up something The Army might be able—and I wish Bill Clark was here—to use more 2-year people who rolled through the Army and went out into the Reserves, and the Navy could use—the Navy needs people who get technically trained, and sometimes that takes a long time, and then we've got to get some payoff for all that training, and some experience.

You know, you don't want somebody working on your car that never saw the car before. We would like him to work under the tutelage of a more senior guy for a while. So, there are some imperatives of the jobs that need to be done, that drive us to certain kinds of career patterns, and also drive us to seek certain kinds of people, and they are different for each of the services.

We are looking, in the Navy, toward ways to make careers more attractive and perhaps different, to match our requirements, the

same things you are talking about. They include compensation, they include making the Navy and Marine Corps a more prideful kind of place where a person wants to be there, so we attract and retain a person that wants to live the kind of life you are talking about.

We also need some people to come in and leave; otherwise, there won't be I.R.R. or a Selective Reserve. The point of everything I am saying, Mr. Sawyer, is that we are looking at exactly the kinds of things you are talking about in one program, a GI bill, a pay raise, educational benefits for a career person that they can pass to their dependents, selective reenlistment bonuses, extra aviation career incentive, all of those are targeted toward certain kinds of people we need to do certain kinds of things.

The kinds of things we need them to do are givens. The kinds of people we need are sort of givens. It is these benefit packages and other things that are not the givens that we have to struggle with to make sure that attacking one thing doesn't cause another problem.

I think, sir, you are right on the money. I think that is exactly what we are talking about, the kind of analysis needs to be done on each of these, to keep them all in balance.

I, by the way, support moving enlisted people to officer rank, and I think both Senator Warner and I, and lots of other people, think that's a fine idea. We are doing more of that in our service.

Mr. EDGAR. The time of the gentleman has expired.

Mr. SAWYER. My time runs a little faster than the Chair.

Mr. MEIS. I would like, later, to also give a response to that, from an Air Force point of view.

Mr. EDGAR. Well, let's yield, at this point, to be consistent with the question. I will yield to the gentleman.

Mr. MEIS. I will make it as brief as possible. Certainly, your views need to be examined and they will be examined, but I would like to make a point, and that is, I want to make sure that we don't put our total focus on the pay aspect of it, by distributing across the board.

What we are seeking in this area, and the Congress went a long way toward achieving that last year, and that was the pay comparability aspect of it.

As I view it, if I were a commander in the field or a manager of the program, what we are seeking here is No. 1, to attract better quality people, or if we don't enlist them as quality people, that we can promote quality by giving them these educational opportunities and incentives.

Your total population is not inclined to make personal and family sacrifices, to go to school or whatever it may be, but those dedicated individuals, the ones that have the courage to subject themselves to specialized training, that we need in the more sophisticated world that we are living in today.

We feel that the educational benefit or incentive package should be separate and distinct from just the total pay package. I think that is extremely important.

Mr. EDGAR. Thank you for that contribution. I yield to the chairman of the full committee, Sonny Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman. I certainly agree with the statement made by the Assistant Secretary from the Air Force, and would like to welcome the other gentlemen here to testify to the Veterans' Affairs Committee.

We have seen each other before, but it has been over at the House Armed Services Committee.

Mr. Chairman, actually this GI education bill was not an idea that I created or that Senator Armstrong dreamed up, in effect. It really came from talking to the different commanders and sergeants in the American military forces, on the Personnel Subcommittee where we work, in the House Armed Services Committee, trying to find ways to improve the personnel in the military.

It became clear to me in the latter part of last year and the first part of this year, that some type of strong educational bill was what the commanders and the sergeants and the petty officers were telling us as we moved around the country and around the world.

So, actually, this idea really comes from the guy out in the field, as far as I'm concerned and, quite frankly, in my opening statement when you started these hearings, I prefer going back to a draft, and especially to a limited draft, to fill up the Individual Ready Reserve where we really have some very, very serious problems, but I'm realistic enough to know that we are not going to be able to get a draft. I don't think this Congress would pass it under the peacetime situation we find ourselves in now, and the President has made it very clear that he will not support a draft, so we have to try to make the All-Volunteer system work.

And I think this is one of the last efforts that we find ourselves in, is some type of GI education bill. That is what the enlisted people have told me that they think would keep them in the service.

Now, Mr. Secretary Stone, have you actually read the bill that Mr. Edgar and I have introduced? Have you actually, in detail, looked at this bill?

Mr. STONE. Yes, I have read an assessment of the individual provisions, Mr. Montgomery. I haven't read the bill, itself, as it is printed by the Congress, but we have a paper with the individual provisions laid out.

Mr. EDGAR. We will make a copy available to you.

Mr. STONE. Thank you, Mr. Chairman.

Mr. MONTGOMERY. Well, Mr. Chairman and Mr. Sawyer, I was really a part of the educational test programs that we started on the House side, and we are getting strong testimony—I don't think anybody could have been any stronger than General Iosue of the Air Force—that they are not even implementing these tests, and I was part of these tests that we wanted you to try to take a look at.

And the chief recruiter for the Army said, "It is total confusion. You have actually given us four educational programs, and the recruiter himself doesn't understand them and doesn't know which one to push."

So, I think we've got a great opportunity here, to move along with this education bill and back off from these other areas. I've been involved with the Armed Services Committee, and when they

start telling you, Bob, that we're going to run a test on it, that's going to delay the whole program for at least 3 to 4 years.

That is what the Defense Department did to us in the House Armed Services Committee on incentives for the National Guard and Reserve. We had to bypass the Defense Department.

We passed incentives for the Guard and Reserve over the objections of the Defense Department. Now the Defense Department totally supports the incentives. We don't want to bypass you, but we think we've got a good bill here and we think it has some merit to it, and—I had the privilege of having breakfast with the President of the United States the other morning.

I didn't bring it up, but somebody was asking about the military, and he told us around the table, "I like this GI education idea. I think it's got some merit to it, and it should be considered."

And I mentioned to him, "Well, you'd better talk to the folks over at the Defense Department," but I think you ought to back off on saying that we're going to do these tests because your people in the field are not doing them, and we've been in Congress long enough to know that testing just takes a long time.

We know the GI education bill works. It sure worked in World War II, and in Korea, and in Vietnam. I certainly hope we can have your cooperation because I hope the chairman will move this bill along and we can have it on the floor as soon as possible.

Mr. EDGAR. Before I ask some questions, does anyone want to respond to Mr. Montgomery's comments?

Mr. STONE. I think I'd like to. [Laughter.]

Mr. EDGAR. The time of the gentleman has expired.

Mr. STONE. What Mr. Montgomery says about the Reserve incentives is just absolutely right. The Department of Defense opposed them, and he pursued them and forced them on us, and we like them and we think they are good.

The educational incentives test, which was directed last year by the Congress, we feel we are trying to install. It is just started. We have checked with the recruiting offices, and the recruiting portion of it is in effect now.

We have had—I don't have all the data in, but we have had several thousand takers among young recruits. The retention portion has not started, will not start until next month.

We recognize, as General Thurman has said, it is a burden on the recruiters, it makes them work harder. And there is some confusion when the thing starts, but by the end of September, we will have solid information on how powerful a draw these benefits are. And, of course, we will do whatever the Congress requires us to do.

Mr. EDGAR. There has been a lot of talk this morning about waiting until after the tests are completed. I wonder if each of you would answer the following question very simply.

Are you willing to gamble and wait 2 or 3 years in a changing political climate to put in place a new GI bill, or are you willing to make the kinds of adjustments that may be necessary, given the data or given the recruitment and retention incentives that you have, in a bill this year. Mr. Stone, do you want to begin?

Mr. STONE. That is an uncomfortable choice, Mr. Chairman. I think, in a sense, it is not a fair one. I think that if the results

from our tests show that educational incentives, the kinds of things we are testing, are powerful helps to the Armed Forces, I can't imagine that they wouldn't be enacted by the Congress next year. It is the same Congress that we are talking to today. I just don't understand why or how we could be faced with that choice, sir.

Mr. EDGAR. Do others want to respond to that?

Captain BOORDA. I don't presume to comment on the political situation, as to whether or not you can get a bill this year, or never, or 3 years from now, sir. That is your business.

I've got to tell you that in the Department of the Navy—and I think if the two military personnel chiefs were here, they would say the same thing because we've talked about it within the last couple of days—we don't need a GI bill this year.

We don't need the GI bill this year because we are making our recruiting goals in quality and quantity. Our concern is for——

Mr. EDGAR. Would the gentleman yield on that point? The Washington Post, this morning, makes the following statement:

> The Navy today, for example, needs 22,000 more petty officers and chiefs to man by the book the 456 ships in its fleet, and this does not count the battleships *Iowa* and *New Jersey* that the administration wants to take out of mothballs.

Is that statement in today's Washington Post incorrect?

Captain BOORDA. In numbers, it is incorrect; in the thrust, it is absolutely right. We are going to need—and we are only estimating now because what does the 600-ship Navy look like as far as the shipbuilding plan. We are working hard to develop that shipbuilding plan but, by 1988 or so, we are going to need about 47,000 to 48,000 more people in the force.

Now, when I said that we don't need it today, we don't need a GI bill this year. We are doing fine this year. Do we need one next year? I agree with Bob Stone, and I believe most people would, that our recruiting success is tied to the economy, what's going to happen in the economy.

Are we going to need a GI bill in the future? Yes, sir. I can't comment on the political realities of when you pass it.

Mr. EDGAR. Mr. Meis?

Mr. MEIS. I would like to respond by saying, standing alone, the sooner we get an educational incentive package or program, the sooner we will be sending the signal to our people in the field that will be influencing their future.

Now, however, within the Department of Defense, OSD, unfortunately, this does not stand alone. It has to be considered along with other priorities and programs that are being considered within the total Department.

I think, as far as the test is concerned; I, for one, have some concern with respect to how meaningful the data will be that we will generate by October 1, but the feel remains, it will be some meaningful information.

If we take that information and apply good judgment, rationale and experience to the data that we collect, I feel we could put together a much more meaningful, a better structured and workable program, perhaps, if we had a little more time, and introduced it as a legislative package as a part of our 1983 program and to be considered by the next session of the legislature. I believe that is generally the thrust of the OSD view.

Mr. EDGAR. Mr. Smith?

Mr. SMITH. Mr. Chairman, of course, the Coast Guard pales by comparison to the other Armed Forces, but only——

Mr. EDGAR. It takes a prominent position in this committee.

Mr. SMITH. With only 35,000 to 40,000 military people, I don't think they are having, as I understand it, serious recruitment problems right now. The retention problems, however, are growing.

If the Educational Assistance Act exacerbated the retention problems then, of course, we don't need it, obviously. If it assists us in retaining highly qualified, technical people, then, of course, we would support it.

Mr. EDGAR. Thank you. I have additional questions, but I would like to yield at this time to my colleague from Michigan, Mr. Sawyer.

Mr. SAWYER. Thank you, Mr. Chairman. I spent 4 years in the Navy myself, on active duty, so I had a little picture of military life under—well, it was not as pleasant as peacetime conditions, I'm sure. While it may seem, at first blush, to be a ridiculous comparison, I think I understand you need enough bodies but you don't need to retain them all; in fact, it would be counterproductive if you didn't have a turnover of certain ones and retaining the skilled ones that you needed on a career basis.

Strangely enough, that's how Wall Street law firms operate. They are a little peculiar compared to law firms from my part of the country, but they regularly go out and recruit about five times the number that they ever intend to make permanent partners or retain on, hire them kind of on a 3-year basis, but the chance of becoming a partner, if you are one of the very few invited, is sufficiently attractive that they never have any trouble filling up their five times as much in their recruiting.

It would seem to me that we might give some thought to really making the career opportunity for those who are, in effect, asked to stay on and make a career, so very attractive that it, in itself, is an attractant to get people in under livable, but not necessarily exciting conditions, for 2 or 3 years, with just the opportunity to be invited to stay on and make a career, and a career being so attractive that they can do it.

Now, I just think structurally we have got to look at this if we are going to have an All-Volunteer Force, where you want a big number at the bottom, but with selectivity being able to keep those that are.

I wonder if there has been any thought to making not necessarily overbuilding inducements to get people in initially for the 3 years, but to make the attraction so great on the career people that it, in itself, is an attractant to get the people in, to take a chance at getting into the career. Is there any thought given to that?

Mr. STONE. We recognize the need to make career service more attractive. The last Congress went a long way toward doing that, and the new administration is proposing a number of things that should make career service more attractive;

In fact, the career force is bigger now, as a percentage of the total military strength, we have more careerists than we ever did before. It is over the next 5 years or so that the Defense Department, really all the services, are going to face a real challenge in

recruiting the number of people and the kind of people that they need.

It is hard to imagine a system which would call for us to recruit even greater numbers and make entry into the career force more selective.

The other thing I would say along those lines is that the military jobs are getting more complicated, on the average. The equipment that the military members have to use and maintain is getting harder to use and maintain, and there is a real thrust toward getting more service, more years of service out of the average person, rather than less.

Mr. SAWYER. I am sympathetic to what has been alluded hereto, that it is too bad, that we have to kind of go along the track of one thing for all of the services.

I visualize, at least, that the demands of the Army, for example, are very, very different than the demands of the Navy, which is mostly all technical people, or the Air Force, which would be similar.

I wonder if there would be any possibility or thought along the line of kind of tailoring a separate program, a different program for each, to try and aim it at where their peculiar needs are. We tend to just treat it as one service as far as things like we are considering now, or maybe reserve policies, or other things.

It seems to me that we could do some trying to tailor make to accommodate the needs of each of the services, recognizing that they are quite different in personnel.

Mr. STONE. Mr. Sawyer, we have a military compensation system that is complicated and tailored beyond imagination. We do tailor our pay system, in good measure, to the needs of each service.

For example, today and for the past couple of years, the Army puts a lot of compensation into enlistment bonuses to get high school graduates to enlist for 4 years.

The Navy puts a much greater share than the other services into reenlistment bonuses to get career people to reenlist.

We have recently gone to big increases in sea pay, which are strictly Navy. Under the educational assistance program, the Army offering is considerably more attractive than the offering of the other services because we offer what we call a kicker in the Army—that is, somebody coming into all the services can sign up for the basic Veterans' educational assistance program where he can put $50, or $75, or $100 a month into a fund which the Government matches 2-for-1. Army enlistees can get an additional $2,000 to $6,000 for that.

So, we do a fair amount of tailoring, and it might well be useful for us to do more.

Mr. SAWYER. Thank you. I yield back, Mr. Chairman.

Mr. EDGAR. Before I begin my questions, I'd like to thank my colleague, Mr. Sawyer, for spending as much time with us this morning on this very important issue, and there are questions that have been raised by Mr. Smith and Mr. Gramm and other members of our committee, that I think are helpful in developing and devising a response on the educational side, and I appreciate your taking the time to focus those questions.

Let me go back to Mr. Stone for a minute. The Army Chief of Staff, General Meyer, stated in his testimony before the committee on Tuesday and I quote, "The biggest single deterrent to the current readiness of the Army is turbulence."

General Meyer tied that turbulence and the low retention rates within the service directly to low numbers of high school graduates entering the Armed Forces. He stated that only 56 percent of the nonhigh school graduates entering the Army remain in the Army.

Would you agree with the General's statement and his premise?

Mr. STONE. Yes, I would, Mr. Chairman.

Mr. EDGAR. Can you give us, for the record or publicly today, the cost involved to the Federal Government in training and in paying a soldier who does not complete his initial tour of duty? What is the average cost to the Government?

Mr. STONE. Well, the average cost of training varies by service. I think a decent order of magnitude number would be about $5,000 to train someone in one of the less demanding skills, in one of the jobs that is more likely to be filled by a high school dropout.

And if we lose 50,000 of these people before the end of their term, that is $250 million worth of training. Those are very rough—

Mr. EDGAR. Could you supply for the record, a detailed average analysis, by service, of the cost to the Government of those who fail to complete their tour of duty?

Mr. STONE. Yes, we can.

[The information follows:]

The approximate average cost to the government, by service, of an individual who fails to complete an initial tour of duty is:

Service	Average cost of graduate	
	High school	Non-high school
Army	$11,300	$7,350
Navy	10,100	6,600
Marine Corps	9,500	6,200
Air Force	8,100	5,300

The above costs include recruiting, training, processing and support.

Mr. EDGAR. Do you also have available the current attrition rates, by service?

Mr. STONE. I can get that in about 30 seconds for you, Mr. Chairman.

Mr. EDGAR. OK.

Mr. STONE. It might take 40 seconds. [Laughter.]

Mr. EDGAR. Why don't we submit that for the record, and I'm sure you will have it available before the end of this hearing or in the next little bit. Let me ask some other questions.

I would like to get specific in terms of the testing program we talked about and the confusion that we feel, or at least we have heard, between what the military officers were saying and what you are saying.

In how many recruiting centers across the United States is the test program in operation?

Mr. [illegible]. The test program is in operation in 48 percent of the [illegible] States. I don't know if I have the number by recruiting [illegible] or not. I don't have the number by recruiting centers.

Mr. EDGAR. Will you submit that for the record?

Mr. STONE. Surely.

[The information follows:]

For purposes of the educational incentives test, recruiting centers may be considered to be Armed Forces Examining and Entrance Stations (AFEES). Thirty-four of the 67 AFEES nationwide are participating in the test. Within each AFEES area, each of the four military services operates many recruiting offices. Recruiters in each of these offices offer educational incentives to prospective recruits.

Mr. EDGAR. Does the Department of Defense advertise the availability of these increased educational benefits?

Mr. STONE. Yes, we do. We have a $3.2 million advertising program, just devoted to advertising the educational incentives test.

Mr. EDGAR. How do you advertise the educational incentives test when there are certain areas of the country that are not part of the test?

Mr. STONE. Well, our advertising—let me give you a couple of ideas here. We have radio advertising in 148 markets. For example, someone within the range of a Dallas radio station would be subject to advertising for our test offering in that area.

The test areas are fairly big. Let me give you just a couple of brief ideas. One test area involves the States of New Mexico, Oklahoma, the Texas Panhandle and all of south Texas.

Another test area consists of the entire States of North and South Carolina. A third is North Dakota, South Dakota and a large portion of Iowa. So, the tests cover large, contiguous areas, and they were selected this way to allow us to use radio and newspaper advertising.

Where the confusion caused by the boundary—there is always going to be somebody living on one side of the boundary that listens to a radio station on the other side, but that confusion is minimized.

Mr. EDGAR. Suppose I was in a non-test area, and I got into my car and drove to Dallas, which is in a test area, and enlisted. Would I get the benefits?

Mr. STONE. Yes, you would.

Mr. EDGAR. But if I stayed at home and went to my local recruiter, I would not get the benefits?

Mr. STONE. That is correct.

Mr. EDGAR. How scientific is the test program?

Mr. STONE. It is as scientific as we know how to make it, Mr. Chairman. We've had substantial assistance from the Rand Corp. in designing a test that would give us data—I'm hesitant to use the word scientific, but it is the right notion—that will give us data that we can believe, that will show us cause and effect, so that if one of our test areas, if we see that enlistments are higher there than within the control area, we will know why they are higher. It will be because of the educational offering.

Mr. SAWYER. Will the chairman yield to me for just a minute?

Mr. EDGAR. I yield to the gentleman.

Mr. SAWYER. Don't you run into all kinds of problems when people get in the service and some of them find out they got a big deal because they enlisted in Dallas and the other guy enlisted in

Philadelphia, assuming that isn't in the test area, finds out he got really short-shrift compared to the guy that came in at the same time from Dallas? I can't understand how you can administer that.

Mr. STONE. Well, there will be people talking to each other, and we will see the situation that you describe, Mr. Sawyer, where two people who are in the same military unit will compare notes, and one will have gotten a benefit and one not.

Mr. SAWYER. Well, one of the big problems that is created in a prison system, for example—I happen to sit on Judiciary and I'm very familiar with this—is the disparity of sentences across the country, for relative equivalence in the seriousness of the crime and a past record.

That is apparently one of the real serious problems that they run into in trying to maintain order in the prisons. It would seem to me you would have, in a different sense, exactly the same problem on compensation. It just puzzles me how you can administer it.

Mr. EDGAR. One can speculate that you might have a mutiny sometime in the future, between those who did not get the benefits versus those who did get benefits.

The chairman of the full committee, who had something to do with putting the test in place, has admitted before us and publicly that he thinks the test is a failure in terms of its cost, in terms of its intention. He said that the test is sending these wrong signals at this time, and that he is prepared to back off from the test and move on to a development of a piece of legislation, whether it is this one or another one, that tries to meet the recruitment, retention and the readjustment needs for an All-Volunteer Force.

Now, as a result of the test, I think we will discover that recruitment does go up in areas that education benefits are provided. The actual percentage that it goes up we may not have at this point, but I think we have enough history in the past to determine that that is the case.

There may be provisions in our legislation that should be altered or changed as it relates to retention, and incentives relating to retention. Those provisions, while put in place at this point could, at some future time, be altered or changed to respond to that retention question.

And I think also you have some data in your experience with the All-Volunteer Army, of what you think might help with retention—clearly, education can't be the total package. Some of it may have to be pay incentives for particular skills in the service.

Unfortunately, we are in cubbyholes here in the House of Representatives. We have lots and lots of subcommittees that are in boxes. Our box here is in education, training and employment.

I wonder if each of you could just take a moment to respond specifically to one aspect of the bill we haven't talked about. That aspect is transferability. According to H.R. 1400 between the 8th to the 12th year, service personnel will be able to transfer GI education benefits to either wife or children.

Do you have any hunches or hints as to the effectiveness of this benefit? Do you concur, for example, with some of the testimony the other day that spoke to that question according to many of the military officers who were here that transferability as a retention benefit would be a very good asset?

Mr. STONE. My hunch, Mr. Chairman, is that the transferability won't help us very much for the young service member. I think it won't help us very much for the married portion of our enlisted force that has no children or young children. That is my hunch.

Mr. EDGAR. In testimony before the Senate Committee on Veterans' Affairs on June 19, 1980, a representative of the Department of Defense stated that, and I quote, "We support such transferability for those members. We think that there could be quite a beneficial retention effect from transferability."

Now, this is very different from the lukewarm comments that I am hearing on transferability here this morning. Is this a change in the Department of Defense's position on the question of transferability?

Mr. STONE. I don't think so, Mr. Chairman. Perhaps I ought not to give a hunch. If we have a program, and I think we need a program of educational incentives to aid recruiting, we have to find a way to minimize the damage on retention, and I think transferability offers some promise.

A lot of people think well of it. It may help us. We are going to try it this spring, and we may find that it is useful. Perhaps I am just a pessimist, but I think that people who are recruited by promise of a college education will want to get the college education, but if we can use transferability——

Mr. EDGAR. Isn't the question of transferability, though, not so much for the recruit? Isn't it for keeping the middle level managers, who you have trained successfully and skilled successfully in particular areas, and saying to them, "If you stay, your young child or your wife can have an opportunity to accrue the benefits that you have accrued over time"?

Mr. STONE. There is no question that it will be an attraction for the senior members of the force.

Mr. EDGAR. Thank you. Are there others on the panel who would like to respond before I yield to my colleague from Massachusetts?

Captain BOORDA. I might just say that in reading this bill and reading the other bills that have been written, we really are struggling with this question of balance—how do you bring people in and then not draw them out?

The answers to that struggle are pretty hard to find, and transferability looks like one of the answers, and the real question about transferability for me is not will it work, but how much will it work, and how much does it cost, and then the tradeoffs between those two things.

I, personally, need to do more work on that. I think we need to do more work to understand that.

Mr. EDGAR. That's a good comment.

Mr. STONE. I agree with Captain Boorda. He said it much better than I did.

Mr. MEIS. I'd simply like to state the joint service study that has looked into the total educational package, incentives package and so on, did consider this as being one of the major features of even H.R. 1400, at least, again, from an Air Force point of view. From a retention point of view, perhaps our percentage of married people is a little bit different. We think it would be a major factor in retaining people from the middle career on out.

Once you get them to that level and then they sign up for the 10-year period or beyond, they've got in a half a career. I think there are some definite pluses to that feature of the bill. That is a personal opinion.

Mr. EDGAR. Thank you. Mr. Smith?

Mr. SMITH. Mr. Chairman, I also think that is a very good and unique portion of the bill. My experience, of course, is in civilian personnel management, so you have to consider what I am going to say in that context.

I tried to draw a parallel between that portion of the proposed legislation and survivor's benefits for civilian employees. Survivor's benefits are a major attraction in keeping an effective civilian work force in the executive branch because they are able to have benefits provided for their dependents in case they should die.

Mr. EDGAR. Thank you. I yield to my colleague from Massachusetts, Mrs. Heckler. This is the first time you've had an opportunity to be part of our hearings, and we just want to welcome you as the ranking Republican on the Education, Training and Employment Subcommittee. We've had some good testimony on Tuesday and some good testimony today, and we are moving right along; it is nice to see you this morning.

Mrs. HECKLER. Thank you very much. I wish that we had found a way to avoid the conflict between my Science Research and Technology markup and the meetings of this committee, however, it is impossible to avoid conflicts.

Nonetheless, the subject of our hearings and the bill before us is of major concern to me and, I think, of major significance.

As one who supported the All-Volunteer Army concept, I am dismayed at the current state of recruitment, and I am willing to look at what alternatives and incentives would be available. I think the alternatives are not desirable politically, therefore, the incentives have to be given maximum consideration.

My major question is on this question of transferability. The references that I think most of you have made were to the person in midcareer who might use this. Obviously, the younger person is not interested, doesn't have children, many of them are unmarried. The transferability of educational benefits in these instances is not a great incentive, obviously.

One of the concerns that I have is with the obvious loss of the noncommissioned officers in the service, who have played such an effective and incredibly important role.

We constantly hear about the fact that they were the backbone of each branch of the service, holding the whole operation together. As they leave in increasing numbers, their replacement becomes very, very difficult.

When you mentioned midcareer, I am wondering, are you talking about the NCO who could have been that very, very vital person? Did the testimony or did the report of the joint services analysis particularly refer to that group of men, particularly, who are leaving the services in droves, and leaving an irreplaceable vacuum?

Are these the people that we are expecting to reach through the transferability? I'd like to have anyone who wishes to respond to that.

Mr. STONE. I don't know what was in the joint services report. We lose people. Let me ask my Navy colleague to comment on that.

Captain BOORDA. I don't know if we have the main problem, we certainly have a problem. What we are talking about, you really can't talk about transferability and not talk about compensation. I guess I have said the word "balance" about 10 times this morning.

The balance between, as Mr. Sawyer began to talk about, the rewards of staying in the service and the cost of leaving the service, there has to be some balance there. We have to find a way to do that.

One of the ways to do that is compensation. If you don't get that right, all the rest of this doesn't matter, and so we've worked hard to get that right, and we are still working hard to get that right.

Now, what we are trying to do is, one, be equitable to people with transferability, say, "Hey, maybe there's something for you if you stay; you don't have to give this away."

I talked earlier about the 1989 termination of the 1977 GI bill. That is hurting us. That would indicate that this could be a problem also.

Mr. EDGAR. Will the gentlewoman yield?

Mrs. HECKLER. For that particular type of person, the termination of the GI bill is not a factor in his——

Captain Boorda. Yes, it is.

Mrs. HECKLER. This increasingly is coming to light.

Captain BOORDA. Yes, it is; we have 6- to 8-year, 10-year people, telling us now, "I don't want to lose this benefit that the Government gave me." My point is, transferability will not cause that to happen again. If we have transferability in a bill, a person won't have to just give it away by staying in the service, so it is bound to drag some people along and it is the kind of people you are talking about.

Mrs. HECKLER. The person we are talking about has been in the service longer than 8 to 10 years. A person who can tell by just experience, listening to the whirr of the engines, what's wrong with the engine, and can tinker and avoid a major repair job—which is now costing the Government a fortune—that kind of person is very central.

Captain BOORDA. I think I understand what you are talking about. We began—and I will use a specific example—we began to lose a lot of 11-, 12-, 13-, 14-year people after Three Mile Island, in the nuclear world, and it is a real good example because they are people who have something else they can do which pays very well, and we weren't paying very well, and we weren't letting them come home at night. We were making them work 16 hours a day and then go sleep in a small submarine—well, you could work an 8-hour shift in a nuclear powerplant—so they chose to leave us.

There are other parallels, but that is the most dramatic one. Will transferability help in that problem? I think reasonable compensation, some of the kinds of initiatives we did last year will help more, but transferability will stop a person from having to make a choice, do I use or lose these benefits, so it's got to be a factor; how much of a factor, I can't tell you.

Mr. MEIS. Let me address that also just for a few moments, from the Air Force point of view, because I think I know just exactly what part of the population you are alluding to.

As you know, the proposal, as presently structured and as also contained in H.R. 1400, provides for a tiered application of the educational incentives. For example, if you stay 3 years, it is one type; if you stay 6 years, there are added incentives.

Now, the people that we are looking at that we feel are the backbone of an Air Force organization, those mechanics that have to be on the line, that have to keep the weapons system operational so that we can get the aircraft on the target and so on, are those people falling in the 7- to 11-year category. Those are the people that we were beginning to lose.

Now, we feel once we get them by the 6-year period and we've got this tier out here, so to speak, that they can realize or achieve a transferable type of an educational benefit to a spouse or a dependent if they should stay on duty and make it a full military career, we believe once we get them close to that 10-year period, for the most part, we think it will have a significant effect on the career objectives of our individuals and will insure a greater capability insofar as sustaining the operational capability and the sortie generation capability of our tactical units in particular.

Mrs. HECKLER. I'd like to ask Mr. Stone a question, a general question, about this whole issue of retention. Obviously, we are looking at the creation of certain legislative carrots through the GI bill—a new form of the GI bill.

But, again, going back to that particular group of people whose loss has been most disastrous, the noncommissioned officers in that group who have been in the service for 12 to 15 years, some of them. I have been particularly concerned about this because we don't seem to be meeting the management and leadership and experience needs that their loss imposes.

One of the reasons that was given to me for the lack of retention of that type of person would not be met by a new GI bill, and that is the lack of standards in the new military, the lack of discipline, the lack of a stricter code. That could be followed down the line when the new recruits are not going to live up to the same standards that this person has devoted his career to, and he no longer finds the environment challenging.

It's not just a question of money and it is not just a question of education or other incentives. There is this whole overall pervasive morale problem within the military in which the midcareer person finds that he's perhaps governing or commanding, under circumstances in which he has almost no authority or not sufficient authority, not sufficient respect, and a very serious morale problem.

Now, how do you feel that that basic, overall pervasive problem is going to be met by the services and by the Department of Defense?

Mr. STONE. I've heard that complaint, Mrs. Heckler. A part of the problem has stemmed, in my judgment, from insufficient funding for operations and training and spare parts, so that many people in the military weren't doing what they thought they were supposed to be in the military for.

I think there has been a great move in the right direction just recently on that. And there are some other initiatives, particularly in the Navy but perhaps not exclusively, to restore pride and restore military atmosphere throughout the system.

So, the Department of Defense is conscious of that problem, and people in the Armed Forces are working seriously to alleviate it.

Mrs. HECKLER. I'd like to hear from our Navy representative on that.

Captain BOORDA. Well, let me tell you, we will not have anymore correctional custody centers. We will have brigs in the Navy again.

We have the C. & O. using the chain of command to transmit down what he wants in the area of pride and professional rather than going out to every individual sailor himself, so that the sailor on the ship is hearing it from his division officer or his chief petty officer.

I think we are moving in the right direction, and I think that that, as much as these other things, are important to meeting our retention goals for our midcareer petty officers.

I've been the captain of a destroyer. I know exactly what you are talking about. We are doing better, and we are going to do lots better.

Mr. EDGAR. Thank you. Captain, twice today you have mentioned the problem of the 1989 deadline of the present GI bill, and that it could be an incentive to push people out of the service. If we are successful, with or without your help, in passing a bill called H.R. 1400 or something similar to it that has the recruitment and retention incentives that we are trying to shape, we will provide after 3 years, if this legislation is passed, $250 a month of benefits. Three years later after 6 years of service, the bill would provide an additional $300 a month, or a total of $550 a month after their 6th year of service. This, in a sense, if passed and signed into law by the President of the United States, would eliminate your 1989 pressure because those presently serving within the military would have that greater flexibility and ability to wait to take their education benefits.

I might also draw your attention to Senator Armstrong's bill that has a provision in for a leave of absence where you can take the benefit and then come back within the military. I know that may have some blood-curdling problems to those who haven't thought it through, but it seems to me that there are things called sabbaticals in life.

People do stop for a moment and go do other things, and perhaps pick up some skills and then come back within the system. It might make some sense to, if not now, at least in the next few weeks to look at that provision as a potential to allowing some of the really capable people to go out and fulfill a commitment for a year or two and then come back within the system, sharing their increased information and wealth of resource within the service.

I think that some of the comments that were made earlier were very helpful. This is not a draft Army, Air Force, or Navy, it is an All-Volunteer Force. For those who are critical of it, my personal feeling, and this is personal, is that we are really at the point of fine tuning the All-Volunteer Force.

It is no wonder that the All-Volunteer Force didn't work right away and that there are some minor problems to it but, as we move into a technological society with more and more technical equipment, I think you need to have skilled people who can repair, replace and maintain very sophisticated equipment.

I believe what you are seeing in the 1981, 1982, and 1983 time frame, with pay incentives and education incentives, a reshaping of that All-Volunteer Force, to allow it to work, and not to judge it in relationship to a very selective service system.

You have all been good witnesses, and I appreciate your——

Mr. SAWYER. Mr. Chairman, could I be recognized for a minute. I've been bypassed on the last round.

Mr. EDGAR. I thought you had asked your last question, and I apologize and yield to the gentleman from Michigan, Mr. Sawyer.

Mr. SAWYER. One thing that hasn't been touched on here and which I am a little puzzled over myself, is the so-called preservice agreement provision that is in the draft of this bill that permits, in effect, the providing of the educational benefits in advance of putting in the service, on a month-for-month basis.

Do any of you have any view of that? My initial misgiving would be that I wouldn't understand why anyone who might want to go in the service for this purpose, wouldn't take the education in advance, obviously, thereby making his time in service more compensatory and maybe at a higher level. Do you have any view of that provision?

Mr. STONE. One concern I have with the provision, Mr. Sawyer, is that it competes with the ROTC program. We do have people joining ROTC, in significant part because of the financial incentive, because of the stipend that the ROTC cadets get.

This would outbid ROTC by a wide margin, and I have some misgivings about that.

Mr. SAWYER. Is it fair just to——

Mr. EDGAR. If the gentleman would yield, I think it would be accurate to say that it is a discretionary provision within the legislation, and I'd appreciate your detailed response as to whether or not you think it ought to even be part of the legislation. You can do that for the record.

Mr. STONE. We will be happy to prepare that for you.

[The following was subsequently submitted for the record.]

The Department of Defense does not think that preservice education benefits should be part of the legislation. Such benefits would not be immediately helpful in manning the force during the next few years, and they would be very difficult to administer. We would have to be certain that individuals receiving such benefits continually met the physical, mental, and moral standards for service. If a student receiving benefits dropped out of college after a few months or even a year, the enlisted obligation he had incurred would not be long enough to be helpful in solving our manpower problems. If Congress authorized us to try to collect reimbursement, the cost of administering such a program might exceed the funds we were able to collect. If a student changed his major field of study while in school, there might occur a mismatch between the skill for which he was recruited and the expertise he has developed. Retention beyond the first term of individuals receiving preservice benefits would be difficult because they would not be likely to need or desire additional educational benefits.

Moreover, the program as described in the legislation would compete directly with our very successful ROTC programs which continue to produce officers of very high quality. The proposed stipend for preservice educational benefits is three times the subsistence allowance now paid to ROTC cadets.

Mr. SAWYER. Just one more so that I see if I have gotten what I think seems to be a consensus here, among this panel in any event, that (a) if we have a bill, the Coast Guard ought to be included on the same basis as the other Armed Forces; and, secondly, that at least the members of this panel seem to feel before we enact anything, we should wait to see what the results of this test period is that you say will be fairly available sometime after October of this year. Is that a fair understanding, on my part, of what the consensus seems to be here?

Captain BOORDA. At the risk of being evasive, because I am not trying to be, I think we should write, at the appropriate time, the very best bill we can so that we don't exacerbate some problems while solving others, and that it is the Department of the Navy's position that we don't need the bill this year to implement, but we do desire a GI bill.

Mr. SAWYER. But that you would prefer to wait until you see what the results of these tests are?

Captain BOORDA. You're making it much harder to be evasive, Mr. Sawyer. I agree with my military colleagues that were here the other day that it will be very difficult to discern as much as we'd like to from these tests.

Mr. SAWYER. Is there any other point of view on that?

Mr. STONE. I liked it the way you said it, Mr. Sawyer.

Mr. SAWYER. Thank you. I yield back.

Mr. EDGAR. Mr. Sawyer, I have a different perception than you do. If I have listened carefully to the comments made, Mr. Stone holds the position that you have outlined. The Navy and the Air Force subscribe to that to some degree, but given a choice between having a bill or no bill, they would prefer to have a GI bill. The Coast Guard, I think, would probably subscribe to that.

I may have misheard. I think Mr. Stone has accurately represented the administration's position, at least the position of the Department of Defense in waiting until after the test, but I have heard from, particularly Mr. Boorda and Mr. Meis, that there is some question as to whether or not the tests will give us all of the data that we need to proceed and that—maybe I'm putting words in your mouths—but there is some difference there, is that correct?

Mr. SAWYER. Would the gentleman yield? I had the same understanding, that if they were faced with a choice of either this bill or no bill, neither, now or never, that they would prefer the bill now, but that the general consensus, as I got it, is that not passing a bill, this bill this year, assuming that the door is still open when they do get, I get the feeling they would prefer to wait.

Mr. EDGAR. We could wait for a Republican Congress on the House side. I would like to yield——

Mrs. HECKLER. We might not have to wait too long.

Mr. SAWYER. That won't be very long. [Laughter.]

Mr. EDGAR. I'm ready to switch. I'd like to yield to staff to ask a question. Mack Fleming is the Chief Counsel for the committee.

Mr. FLEMING. Thank you, Mr. Chairman. Just for the record, since so much emphasis has been placed on this test in order to wait to do something here, the record shows that the test that you're talking about is only a 1-year test program.

Mr. STONE. That's correct, Mr. Fleming.

Mr. FLEMING. Which means that if it is like the Veterans' Administration or some others in the military, it would probably take 6 months from the date of enactment to get the regulations issued.

I guess the testimony has shown that, at least from the Marine Corps standpoint, that they didn't begin participating in this until January. So, in essence, you are talking about only a few months, and I think that is borne out by the fact that the Marine Deputy Commandant testified that they only had 111 people involved in the 901 test program, and I don't know how many people—what is the current strength of the Marine Corps?

Captain BOORDA. One-hundred eighty-eight thousand.

Mr. FLEMING. It's 188,000, so now they have 111 involved in section 901 of the test, and 3 or 4, according to his testimony, in section 903.

What is the current Navy strength?

Captain BOORDA. The Navy is about 530,000.

Mr. FLEMING. Five-hundred thirty thousand and, as of the date of the testimony, they had 195 participating in the test. So, the question would be, looking at it from the standpoint of effectiveness, how can you place such weight on data you get from a test when you are 6 months away from the termination of it, with only these few people involved?

Mr. STONE. Mr. Fleming, the test started in December, and I agree there have been some start-up problems. It is in place now. We have just started to advertise it widely, and we expect to get a lot more takers in the 6 months remaining in the year, and to have some good data, some solid data on its benefit to recruiting.

The retention test is not yet in the field. It is inherently a much more difficult thing to test, and we will be arguing among ourselves in the Department of Defense over what those retention data mean. I don't think we will have any arguments about the recruiting data.

Mr. EDGAR. Are there any other questions from Congresspeople? Before you leave the panel chairs, let me offer to you an unusual opportunity that does not often get offered in the separation between Congress and the executive branch.

We plan to hold two field hearings, one in a Navy installation in Norfolk on April 6, one in an Army installation at Fort Benning on April 23. And I would like for you or your representatives to feel free to not only attend those hearings, but help us in drafting and asking questions of the people who are there, and find out in terms of those who might be retained or recruited by such legislation, what their views are, and make sure that we ask the right questions of them.

And I think that whether or not we pass the legislation or whether or not we wait until after the test, that those two hearings will be a helpful opportunity for you to gather some data as to whether or not your point of view is accurate and to fine-tune your point of view on all the questions that we raised today.

So if you would like to participate, let us know if there is someone from your service that would like to sit in on those hearings and listen to the testimony and, in fact, ask questions themselves. I'd be willing to recognize them for that purpose. I also think it

would be valuable for you to listen, at that point, to some of their comments.

Thank you, again, for your testimony and, unless you have one or two additional things to say——

Mr. STONE. Thank you for the offer, Mr. Chairman. We will look forward to working with you on that.

Mr. EDGAR. Very good. Thank you. Thank you for coming.

Mr. EDGAR. Our final witness comes from the Veterans' Administration, Mr. James Kane, Assistant General Counsel to the Veterans' Administration.

Let me first apologize for the length of time that it has taken this morning, but we did have some important questions to ask, and we appreciate your coming today. We will try to move this on in an expeditious manner.

Your statement will be considered as part of the record, and you may either read your statement or summarize and then we will move to questions.

Welcome this morning and, Mr. Kane, if you will introduce those who are with you on the panel and tell us what their role and responsibility is.

STATEMENT OF JAMES P. KANE, ASSISTANT GENERAL COUNSEL, VETERANS' ADMINISTRATION

Mr. KANE. Mr. Chairman, on my left, I have June Schaeffer, Assistant Director for Policy and Program Administration, Education Service; and Mr. Lou Dollarhide, Acting Director of Education Service. On my right is Mr. Robert Dysland, Deputy Assistant General Counsel.

Mr. Chairman, I will summarize my statement and request that the full statement be put into the record.

Mr. Chairman, we appreciate the opportunity of appearing before you today and giving our views on H.R. 1400. This proposal would create a multitiered education program under which individuals serving in the Armed Forces, after September 30, 1981, would be eligible for education assistance based upon the length and type of service rendered.

The program would provide a basic assistance allowance of $250 per month for a maximum of 36 months, for performance of 3 years of active duty or 2 years of active duty plus 4 years of reserve service. Of course, there are higher benefits available for longer lengths of service.

Individuals eligible under H.R. 1400 would be required to have a high school diploma or an equivalency certificate, and they would be required to have an honorable discharge.

Entitlement would be based upon 1 month of benefits for each month of active duty, or 1 month of benefits for each 3 months of reserve duty.

Mr. Chairman, we have studied H.R. 1400 very carefully. We have found a number of technical and substantive problems. We have set these out in detail in writing, and we will be submitting them to your committee very shortly.[1]

Mr. EDGAR. Could the gentleman give us any indication as to when shortly is?

[1] See p. 130.

Mr. KANE. We would hope within the week. There are one or two items in there that are being refined; other than that, it is ready to come forward.

Mr. EDGAR. Thank you.

Mr. KANE. Mr. Chairman, the Veterans' Administration opposes the enactment of H.R. 1400 at this time on the ground that we think it is premature. As you know, there are currently three programs on the statute books covering GI education.

The first, of course, is the current GI bill which you are well familiar with. The second program, the so-called VEAP program, is a contributory program which was enacted in 1976.

This program has recently undergone extensive modification and is now really in its initial test stage in its new form. We think this program should have a good hard look and the test results ought to be studied.

The third program is a 1-year test enacted in the Department of Defense Authorization Act of 1981, which is now, as other witnesses have told you, just getting underway as far as a test goes.

We think until we have the test results from VEAP and from the DOD program, it is premature to have a new GI bill at this time.

Mr. Chairman, that summarizes my statement. I will be pleased to answer any questions.

Mr. EDGAR. Thank you.

[The prepared statement of Mr. Kane follows:]

PREPARED STATEMENT OF JAMES P. KANE, ASSISTANT GENERAL COUNSEL, VETERANS' ADMINISTRATION

Mr. Chairman and Members of the Subcommittee, we appreciate the opportunity of appearing before you today to provide you with the views of the Veterans Administration on legislation proposing to create a new education program for service members and veterans.

The measure before you (H.R. 1400) would create a multitiered education program under which those individuals serving in the Armed Forces after September 30, 1981, would be eligible for educational assistance based upon the amount and type of services rendered. Basic educational assistance of $250 per month for a maximum of 36 months would be payable to those individuals who have served continuously on active duty for 3 years, have a high school diploma or equivalency certificate, and have received an honorable discharge, or are placed on the retired list, or continue on active duty. Benefits could also be granted under other conditions such as a discharge for a service-connected disability. Basic entitlement could also be earned if the individual serves on active duty continuously for 2 years after September 30, 1981, followed by 4 years of reserve duty.

Supplemental benefits in the amount of $369 per month, in addition to the basic $250 per month (total of $550 monthly), would be available to those who serve 6 years on active duty after September 30, 1981, or who serve 4 years on active duty after that date plus 8 years in the reserves. Entitlement would be earned on the basis of 1 month of benefits for each month of active duty performed and 1 month of benefits for each 3 months of reserve duty performed.

Other features of the measure provide for additional supplemental educational assistance for individuals who have certain skills and specialties in which there are shortages of personnel in the Armed Forces; eligibility for individuals in critical skill categories who have served between 8 and 12 years on active duty to transfer entitlement to their dependents; a new preservice educational program under which individuals may sign up for military service and be allowed to pursue their education before entering on active duty; and other benefits which have been discussed by previous witnesses. I would like to point out that we have thoroughly reviewed the provisions of H.R. 1400 and have a substantial number of technical problems with the measure as presently drafted. These have been set forth in detail in the attachment to the report we submitted to the Committee recently.

Mr. Chairman, the Veterans Administration opposes the enactment of any new GI Bill program at this time. We would point out that there are currently three education programs on the statute books under which many service-members and

veterans (and in some cases dependents) can receive educational assistance. These three programs are the current GI Bill program, the Post-Vietnam Veterans' Educational Assistance Program (VEAP), and the program recently enacted in the Department of Defense Authorization Act, 1981. The latter two are currently in the test stage and the final results are not available.

Service members and veterans are also eligible for other forms of educational assistance through the Federal Government. The Armed Forces, for example, provide various educational programs for those on active duty. Veterans are eligible for vocational rehabilitation assistance from the VA if they are disabled and need retraining and veterans are eligible to participate along with the general populace in a number of educational programs administered by the Department of Education. These benefits are generally in the form of grants and loans.

The VEAP program was enacted in 1976 for the purpose, among others, of aiding the all-volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces. Individuals entering military service on or after January 1, 1977, are eligible under this program. This is a contributory plan under which individuals may make monthly contributions from their military pay to help finance their own education. These allotments range from as little as $25 per month to $100 per month up to a maximum of $2,700. In addition, under recently enacted Public Law 96-466, these individuals may also make lump sum contributions providing, of course, that total contributions do not exceed the $2,700 maximum.

Eligible individuals may begin using their benefits after completing their first obligated period of active duty or 6 years of active duty, whichever period is less, or after their discharge or release from service. The Veterans Administration matches the individual's contribution on a $2 or $1 basis. Thus, on the contributory basis alone, individuals may receive up to $8,100 in educational assistance ($2,700 from their own contributions matched by $5,400 in VA funds).

In addition to the individual's contributions, the Department of Defense may add to the individual's education account what has come to be known as the DoD "kicker." This kicker, which can be in varying amounts up to $12,000, when added to the individual's monthly contributions plus the VA matching funds, can provide an individual with as much as $20,100 in educational benefits. The DoD kickers are paid primarily to individuals with specialties and skills in which there is a shortage of personnel for reenlisting in the military.

Moreover, in the enactment last fall of the Department of Defense Authorization Act, 1981 (Public Law 96-342), the Congress provided that under certain circumstances the Department of Defense may pay the monthly VEAP contributions on behalf of an individual and, under certain circumstances, an individual eligible for VEAP benefits may transfer such entitlement to a dependent or dependents. Thus, there are many benefits available under this program.

In establishing this contributory program, the Congress specifically provided that it was to be a test program. It did so by requiring the President, if he determines that the program should be continued, to make such a recommendation to the Congress on or before June 1, 1981. The Congress also provided that in the event the President makes such a recommendation, which would permit enrollments in the program beyond December 31, 1981, the House and the Senate could disapprove such a recommendation.

Although the time for the President to make his decision has not yet, of course, been reached, it should be emphasized that in the conference report on the Department of Defense Authorization Act, 1981, filed last year, the conferees (House Report No. 96-1222, p. 100) recommended that "the current VEAP Program funded by the Veterans Administration be extended to June 30, 1982, in order to provide sufficient time for the Department of Defense to test and evaluate the pilot programs contained in the conference report." This recommendation has great merit since the second test program, enacted in the authorization law cited above, is undergoing testing and evaluation. Further, the President's revised budget, submitted to the Congress last week, reflects a similar recommendation for a 1-year extension. We anticipate sending a legislative proposal to the Congress in the near future to carry out this recommendation.

I believe it would be appropriate at this point to provide you with the most recent statistics on participation in the VEAP program. Through January of this year, 321,159 individuals have elected to participate in the program and have had deductions made from their military pay. Of this total, 183,429 are currently having deductions made; 55,580 have terminated their contributions (but are, of course eligible (in most cases) to participate in the education benefits program); and there are 82,150 individuals who have, for various reasons, had their allotment terminated and have received refunds of their contributions. Thus, of the total number of

contributors to the program, about 25 percent have elected to withdraw from it. As of the end of January 1981, 3,360 individuals had entered training under the VEAP program.

The second education program, to which I have already alluded, is the pilot program enacted in the Department of Defense Authorization Act, 1981. Under this program, certain individuals who enlist or reenlist in the Armed Forces on or after October 1, 1980, and before October 1, 1981, are eligible for educational assistance providing they meet all of the eligibility criteria. Those eligible would be entitled to receive their tuition and fees for their academic pursuits in an amount up to $1,200 for an academic year (9 months). They would also be entitled to a monthly subsistence allowance of $300 for full-time pursuit. The extent of the benefit would be based on the time the individual serves on active duty, with maximum entitlement set at 4 academic years. The Department of Defense has been actively engaged in testing this program to determine its potential effectiveness.

The third program, the GI Bill, provides educational assistance for those individuals who entered military service after January 31, 1955, and before January 1, 1977, as well as those individuals who were placed in a Delayed Entry Program prior to January 1, 1977, were assigned to a reserve unit, and entered on active duty prior to January 1, 1978.

This program, unlike the VEAP program, was intended primarily to provide readjustment assistance to returning veterans and does not require the individual to make contributions toward his or her own education. Single individuals are eligible for educational assistance up to $15,390 on the basis of pursuing a program of education full time at an institution of higher learning ($342 per month for a maximum of 45 months). Where the individual has dependents, the maximum benefit is even greater.

In addition to the monthly educational assistance allowance, those individuals who need additional financing to pursue their education are, if they meet the necessary financial tests, eligible for VA education loans up to $2,500 per academic year. Individuals may also be eligible to participate in the VA's work-study program under which they can earn up to $837.50 for performing 250 hours of work for the VA during a semester or comparable period of time.

Thus, it can readily be seen that considerable amounts of money are currently available to many individuals who wish to pursue their education, not only through the Department of Defense and the Veterans Administration, but, as I mentioned earlier, through other Federal sources auch as the Department of Education.

We believe it should be emphasized that the question of what steps should be taken to provide greater incentives for increasing and maintaining the size of our Armed Forces is quite complicated. It involves such concerns as whether to extend and expand the current contributory education program, how our Armed Forces are to be structured, whether to extend and expand the newest test education program, the tie-in with other remuneration of our Armed Forces, and budgetary considerations, among others.

It is our recommendation that the Congress defer action at this time on any new education program until the results of the studies of the VEAP program and the new DoD program have been completed. This will allow a thorough examination of the specific objectives of any potential new program and how it will fit into budgetary considerations in the future.

In recent testimony before the Senate Armed Services Committee, Secretary of Defense Weinberger put it this way: "The purpose of the test is to find out which programs will work best to recruit and retain the people we need. We will report on the test and on the basis of the results, recommend a permanent program in time for next year's authorization hearings. To do so before those test results are known would be premature and frustrate the study mandated by the Congress. What we do not want and need is legislation that hinders rather than helps the total All-Volunteer Force."

The Veterans Administration supports the postition that enactment of a new educational assistance program at this time would be premature.

Mr. Chairman, that completes my prepared statement. We will be pleased to answer any questions you may have.

Mr. EDGAR. The views that you have just stated, are they the views of the Veterans' Administration or the Office of Management and Budget?

Mr. KANE. The Veterans' Administration is a part of the executive branch of Government, Mr. Chairman.

Mr. EDGAR. The views that you have stated, are they your personal views or the views of the Administration?

Mr. KANE. I represent the Administration.

Mr. EDGAR. I notice that in the 1980 annual report of the Administration on the VEAP program, the VA states that, "Early indications lead to less than optimistic view as to the program's viability."

In your view, considering the purpose of the program, has the program been a success or a failure to date, as you know it?

Mr. KANE. We're speaking of VEAP?

Mr. EDGAR. VEAP.

Mr. KANE. Well, I think it is fair to say in the initial stages, when the results were first coming in from VEAP, everyone was disappointed in those results. Congress recognized there were problems, and they have modified VEAP.

One of the problems we had was that we heard stories of service members who were living on food stamps. They couldn't afford to make that $50 a month contribution.

Congress recognized that problem and broadened the range of monthly contributions from as low as $25 to a high of $100. Congress has also allowed the Department of Defense, under certain circumstances, to pay that monthly contribution.

They have allowed transfer of eligibility to dependents for persons who possess critical specialties, and they have allowed veterans to make a lump sum contribution to VEAP.

Now, these changes have just come about in the last 6 to 8 months, so I think we have a new program which really hasn't been tested.

I agree that initially it was not satisfactory but, with the new program, I think we have to look at it.

Mr. EDGAR. We also received testimony that funds haven't been provided to adequately conduct the test programs authorized by the Defense Authorization Act of 1981.

That being the case, don't you think it would be unwise to await test results, which may be greatly delayed, and allow the critical situation with regard to recruitment and retention in the military to further deteriorate?

Mr. KANE. I believe it was Mr. Stone who mentioned a few moments ago that, admittedly, they were slow getting started on their test program, but they now are moving forward and getting it going, and he seemed to be optimistic that they would have a valid test. I think he admitted there were some initial problems.

Mr. EDGAR. Well, Mr. Stone admitted that. The Air Force gives a far different point of view if you listen to General Iosue and if you listen to our witness this morning. I also think that if you listened carefully to what was said on Tuesday and again this morning, there is a very different set of facts in relationship to whether or not the test is working.

The chief counsel had asked in the final question, how you can judge a test that has so few participants in it.

Do you think that the test is going to be adequate in determining the kinds of objectives that it was set out to do?

Mr. KANE. Well, I don't have all the details of the test as it is being conducted. I did note that the Rand Corp. is helping to design

the test, and I think we know from experience, from opinion polls, which this country seems to live on, that you need only a small sampling.

Mr. EDGAR. In hearings before the subcommittee last Tuesday, top ranking representatives of all branches of the military service, including Gen. Edward Meyer, Chief of Staff of the Army, testified that in their opinion, there now exists a critical need to enact a new GI bill for the All-Volunteer Force in order to recruit and retain high quality soldiers.

In your testimony, you state that new educational programs at this time would be premature. Don't you think that those top ranking representatives of our military are in a better position to accurately evaluate their needs than the Veterans' Administration?

Mr. KANE. Well, certainly, I would defer to their actual experience, but I note that we are getting conflicting signals here. Captain Boorda, who was here just a moment ago representing the Navy, says that they are meeting their goals. So, there seems to be a disparity in what their experiences are.

Mr. EDGAR. A disparity that is also in the Washington Post this morning, compared to—talking about 22,000 needs for the 400-and-some-odd ships. There is a lot of disparity.

The civilians testifying versus those in uniform testifying gave two different points of view, and I guess they represent, as you do, different observations and different chains of command.

If your chain of command is a chain of command from the White House, I can understand why you have to all speak in unison, or at least try to.

If your chain of command comes from your personal experience, you have to speak somewhat differently.

I was struck with the fact that on Tuesday when the military officers were here to testify, those who were most responsible for recruitment, retention, manpower levels, and training levels within the service, their personal experience, to a person, without any equivocation, was, "We need a GI education incentive, along with pay incentives, along with changes in some of the military structure, in order to recruit quality people, in order to retain quality people, in order to have a readjustment benefit that has some positive aspects".

Mr. KANE. If I may say something, Mr. Chairman, I think Captain Boorda cleared up what appeared to be a conflict in his testimony and the Washington Post. He agreed with the Washington Post that they are going to need *x*-number of people, but he made the point that they are getting them, and they anticipate having enough people at the time they need them—when the ships are built.

Now, the people speaking for the military, perhaps, are speaking from past experience, and they have definitely had this problem.

Mr. EDGAR. Well, the people speaking from personal experience, to a person, were for a GI bill. The people speaking in terms of policy had different points of view, Mr. Stone clearly representing the administration, and the Air Force person clearly trying to associate his remarks with General Iosue, and the person from the Navy, at the end, clarifying his statements.

It makes it very difficult in terms of trying to know whether or not to proceed on a new GI bill because my suspicion is that when we go out into the field and ask the very people who would benefit from this kind of a program, that we will also get some very strong testimony in support of an education incentive.

Mr. KANE. Well, we chose our language very carefully. Obviously, the VA supports the idea of an education program. Our only point is, at this time, we think it is premature.

Mr. EDGAR. I yield to my colleague from Massachusetts, Mrs. Heckler.

Mrs. HECKLER. Mr. Kane, I'm interested in the history of the transferability proposal. You said that the Department of Defense, in one of their modifications, allowed for the eligibility to be transferred to dependents, and that is one of the current experiences under the VEAP program.

Can you report any data on how this has worked? Has there been any change? How is the transferability actually operated?

Mr. KANE. I don't believe there has been time for it to go into operation, so we really have no experience with it. From my personal viewpoint, I think it has great merit; certainly, it ought to be looked at.

Mrs. HECKLER. Why do you feel it has great merit?

Mr. KANE. Well, I can see where a senior NCO who has invested 8, 10, 12 years of his life in the service, is not going to want to get out, yet at the same time, like the rest of us, he wants his children to have more than he has.

So, having that benefit if he stays in, it seems to me that would encourage him to stay in. That is my personal opinion. It is a unique idea. It is a new idea, but I think it has merit.

Mrs. HECKLER. When was it incorporated into the VEAP program?

Mr. KANE. Last September.

Mrs. HECKLER. Last September. Have you any idea as to the origin of the proposal within the Department of Defense?

Mr. KANE. No, I don't.

Mrs. HECKLER. No further questions.

Mr. EDGAR. Thank you. My colleague from Michigan?

Mr. SAWYER. Thank you, Mr. Chairman, but I have no questions at this time.

Mr. EDGAR. Let's think for a moment about a scenario that could occur, and that is, over the objections of the Veterans' Administration and over objections of the civilian heads of the military, the Congress, in its wisdom or lack of wisdom or foresight, decides to pass a bill similar to H.R. 1400.

It goes to the President's desk and he keeps a commitment that he made last year during the campaign, and signs the bill into law.

What would be your feeling about its ability to be administered? Are there problems in the language at this point that would be difficult for you to administer?

Mr. KANE. Yes, sir, and they are detailed in the written submission that is coming up to you. For instance, having had experience running three previous GI bills, we would like to maintain the same definitions of what a surviving spouse, what is a dependent child, that type of thing.

The language in your bill departs from that, so we have asked that you use language we are used to working with. That is an example.

Mr. EDGAR. So, even though you are coming up with a statement in opposition, you have done some homework as to what alternative language might be helpful in correcting H.R. 1400 to make it doable if Congress, in its wisdom, were to pass it?

Mr. KANE. We have about 20 pages of suggestions that are coming up to you, suggested changes that would make it better and easier for us to administer.

Mr. EDGAR. Let me ask a question on just a slightly different subject, and you may feel you are not prepared to answer, but some members of this committee were startled to learn of the elimination of the readjustment counseling program and the 91 centers, and the elimination in this year's budget of the $63 million in education and employment funds.

Can you indicate whether or not that was a suggestion made by the Veterans' Administration, or was that a suggestion imposed on you by the Office of Management and Budget?

Mr. KANE. I don't work in that area, so really I can't answer that question. That is not one of the areas under my jurisdiction.

Mr. EDGAR. I didn't think you could answer that question, but it's been curious to some of us.

It is really interesting to me that in developing this legislation on recruitment and retention, that we are getting such conflicting information and stories, and I'd like to publicly thank you for putting those 20 pages together. I would urge you to get them to us as quickly as possible because we are under a fairly tight time frame.

We do want to go out into the field, and we may want to test out some of your suggested alternatives on some people and some witnesses. We have 2 days of testimony next week, and it would be helpful if, prior to those 2 days of testimony, the pages that have been proofread could be sent up even if the whole package could not be sent up, so that we have some time to ask the appropriate questions.

Mr. KANE. Yes, sir.

Mr. EDGAR. Are there any questions that staff would like to ask at this point of the VA?

[No response.]

Mr. EDGAR. Thank you for your testimony, and I hope you enjoy your lunch.

Mr. KANE. Thank you, Mr. Chairman.

Mr. EDGAR. The committee stands adjourned.

[Whereupon at 11:50 a.m. the committee adjourned subject to call of the Chair.]

APPENDIX

Prepared Statement of Hon. Margaret M. Heckler, a Representative in Congress From the State of Massachusetts

I would like to welcome our first witness, the distinguished Chairman of the Veterans' Committee, the Hon. G. V. (Sonny) Montgomery. He certainly will get an attentive hearing.

We also will hear this morning from the highest ranking personnel officers of all the armed services. These generals will advise us on the course we will pursue in doing our share in providing for the national defense.

Unfortunately, while I have read each statement, I can not be with you today. I have a markup session in the Science and Technology Committee, and as ranking member there, must also meet that commitment and obligation.

As the chairman of this subcommittee, Mr. Edgar, has pointed out in his opening remarks, this session of this subcommittee opens a thorough series of hearings into a new educational assistance program for the military and veterans.

After the completion of hearings in Washington, the subcommittee will take to the field. In Washington, we shall hear from Pentagon officials, representatives of the higher education community, veterans and veterans' organizations.

In the field, we shall hear from the front line troops we will visit facilities and speak first-hand on the scene of our military operations.

But this opening hearing today brings us to a crossroads. We will need to decide what road to take.

Down one road is our traditional G.I. bill. Since its inception following World War II—by a great American and veteran, Olin E. Tiger Teague, former chairman of this Committee—the G.I. bill has served to facilitate the readjustment of millions of veterans to successful civilian life.

The G.I bill, however, also had an important secondary impact. It contributed to the substantial expansion of higher education in the United States. It contributed significantly to a more educated, intelligent and aware citizenry.

As will be noted by witnesses today, many great Americans who made great contributions to the arts and sciences, business and industry—and in research—obtained their education on the G.I. bill.

So, the G.I. bill—as we have known it—has been first, a readjustment tool; and, second, a recruiting tool.

If we travel down the new road we would do so because of changes that have occured in the ability of our military to meet their recruiting needs, and to retain the personnel they need.

For example, today's military has a need for highly-skilled technicians. To fill this need, it needs to remain competitive with the booming private market in high technology. We have increased military pay and benefit levels in recent years. But is this enough?

To travel down the new road would expand the G.I. bill to not only provide post-service readjustment assistance, but to encourage experienced military personnel to stay on. (Eligibility would be expanded to spouse and dependents).

So these core questions and issues will be the subject of our examination during the coming months. We all want a strong and viable military. The question is how to achieve this while continuing to serve the best interests and needs of the veteran.

Prepared Statement of Hon. Charles E. Bennett, a Representative in Congress From the State of Florida

Thank you for giving me the opportunity to testify today. I am grateful that you are holding these hearings.

I have joined with Senator Armstrong in sponsoring a G.I. education bill that I feel to be greatly needed. I am convinced that enactment of a new G.I. bill is the single most important, and the least expensive, step that we in Congress can take this year to strengthen our national defense.

Thanks to the recession, the Armed Forces are not experiencing this year the recruiting shortfalls that plagued them in the two previous years and the recent pay raise has been very helpful but to obtain and retain the quantity and quality of enlistments additional legislation is needed.

Inadequate aptitude among entrants into the Armed Forces places a severe financial burden on our Armed Forces. After correcting an error in its testing procedures, the Army discovered that it had more than twice as many recruits in the

lowest acceptable mental category than it previously had assumed. These soldiers take a longer time and require greater resources to train, and they retain the training for a far shorter period. Furthermore, non-high school graduates are twice as likely as high school graduates to attrit—to be administratively discharged from the Armed Forces prior to the expiration of their term of obligation. Attrition rates in the Army are approaching 40 percent. Each soldier who attrits costs the government about $10,000.

Worse, the declining aptitude level of recruits is calling into serious question the ability of soldiers to perform their military missions. U.S. soldiers came in last among all NATO nations in last year's REFORGER exercise. Failure rates on the Army's recently inaugurated Skill Qualification Tests (SQTs) are disturbingly high. Of artillery crewmen tested in the 1979 fiscal year, 86 percent failed. The failure rate for tracked vehicle mechanics was 89 percent; for nuclear weapons maintenance specialists, 90 percent, and for tank turret and artillery repairmen, 98 percent.

Many Members believe that the only way to improve recruit aptitude substantially is to return to the draft. That may be so. But the evidence suggests the proximate cause in the decline of recruit aptitude was not the termination of the draft, but termination of eligibility for G.I. bill education benefits.

The proportion of Army recruits in the top two mental categories was about the same in 1976, the year eligibility for the G.I. bill ended (30 percent), as it had been in 1972, the year the draft ended (32.4 percent). But since then, volunteers in the highest mental category have plunged by two-thirds, and volunteers in the second-highest category have dropped by more than half.

The Army had warned Congress what would happen. In September of 1974, the Army conducted a survey of 11,336 recruits at Armed Forces Entrance Examining Stations (AFEES) throughout the United States. Of those interviewed, 24 percent said flatly they would not have enlisted if there had been no G.I. bill. An additional 36 percent said they weren't sure whether they would have enlisted or not if they had not been made eligible for education benefits.

After factoring out the indifferents, the Army concluded terminating the G.I. bill could depress the pool of potential recruits by as much as 36.7 percent—all right off the top.

The drawing power of the G.I. bill was amply demonstrated in the three months prior to its termination. On October 20, 1976, the Armed Forces announced the G.I. bill would not apply to those enlisting after December 31. Nearly 100,000 people joined the uniformed services during that period, approximately double the normal first term enlistment for the fourth quarter of the year.

It seems clear, Mr. Chairman, that the most effective step we can take to improve recruit quality is to reinstate G.I. bill education benefits.

Reinstating the G.I. bill may also be the most cost-effective step.

The great advantage of the G.I. bill as a partial solution to military manpower problems is that it will cost nothing for the next two fiscal years, very little in the third and fourth fiscal years, and would not reach its full costs until the sixth or seventh fiscal year after enactment. This would give us breathing room to put our financial house in order.

Meanwhile, the Armed Forces, in addition to obtaining the quality required to properly man our increasingly complex defenses, would be realizing substantial savings. Higher aptitude young men and women enticed into the Armed Forces by a new G.I. bill would be easier to train, present few disciplinary problems, and would be far less likely to attrit prior to the completion of their obligated service.

It is important that a G.I. bill also have in it the ability of the serviceman to transfer his right to his wife or a child because otherwise retention may be discouraged even though original enlistment is encouraged. Retention is extremely important, as we all know, as it saves dollars spent in training.

I want to thank you again for giving me the opportunity to testify, and I would like now like to turn the floor over to Senator Armstrong, who drafted this bill so that he can explain its provisions.

TERMINATION OF GI BILL IMPACTS HEAVILY ON RECRUITMENT

RECRUITING CHANGES (AIR FORCE)

General Iosue. The data we track supports the contention that the terminated GI bill education benefits were a strong attraction for quality youth to enlist. For example, during December 1976, the last month enlistees were eligible for GI bill benefits, the Air Force enlisted 12,825 people into the Delayed Enlistment Program (DEP). This compares to an fiscal year 1976 average of about 5,000 per month. The

quality indicators for this DEP group were high—92 percent HSDG and 52 percent in the top two mental categories. By fiscal year 1980, our HSDG rate had dropped to 83 percent and the combined mental category I and II rate was 40 percent.

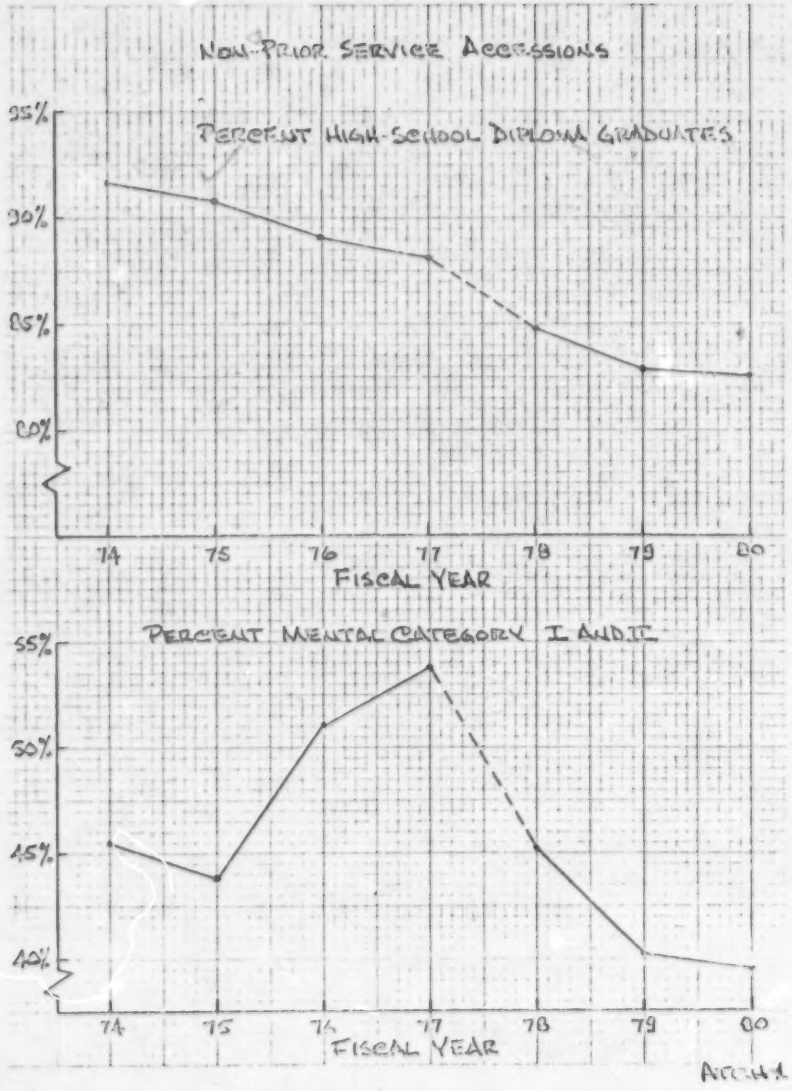
Another indicator is the number of male HSDG accessions. The following chart shows the number of male HSDGs that enlisted in the Air Force between fiscal year 1974 and fiscal year 1979. The downward slope of the line between fiscal year 1974 and 1977 is due to the gradual decline in the propensity to enlist. At the same time the number of 18 to 24 year old HSDG men was increasing. The GI bill was terminated effective January 1, 1977. On that date, as mentioned earlier, the DEP was filled with high quality youth wanting the GI bill. During the remainder of fiscal year 1977, those DEP personnel kept the accession flow up. The GI bill driven DEP was exhausted by fiscal year 1978. In fiscal year 1978, 7 percent fewer HSDGs were accessed than we would have expected if we projected the fiscal year 1974 through 1977 experience. The difference in fiscal year 1979 was 9 percent. In sum, while many factors influence accessions, the termination of GI bill education benefits would appear to have been a big factor in reducing our ability to attract quality youth.

RECRUITING CHANGES (NAVY)

Admiral ZECH. Navy's percentage of high school graduates during the period fiscal year 1976–fiscal year 1979 was very much a function of recruiting policy. A recruiting policy decision emphasizing quality at the expense of numbers, if necessary, was made. Navy made its recruiting goal in fiscal year 1976, but did not make goal in fiscal year 1977, fiscal year 1978 or fiscal year 1979. Navy's percent of high school graduates remained relatively constant over the period.

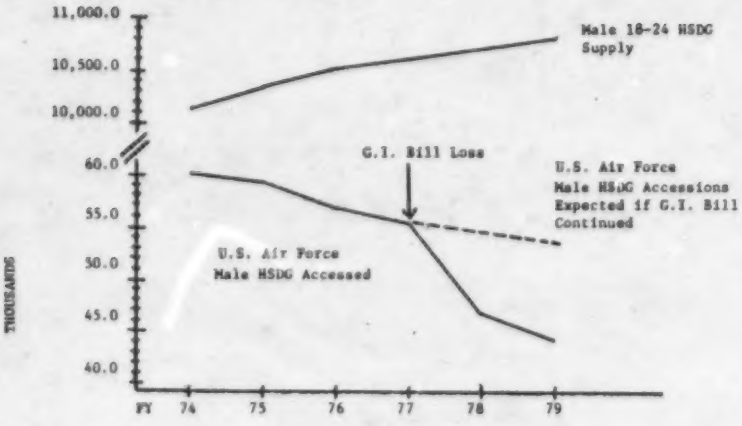
High school graduates

Fiscal year 1976—84.1 percent.
Fiscal year 1977—79.6 percent.
Fiscal year 1978—83.3 percent.
Fiscal year 1979—84 percent.
Fiscal year 1980—83.6 percent.

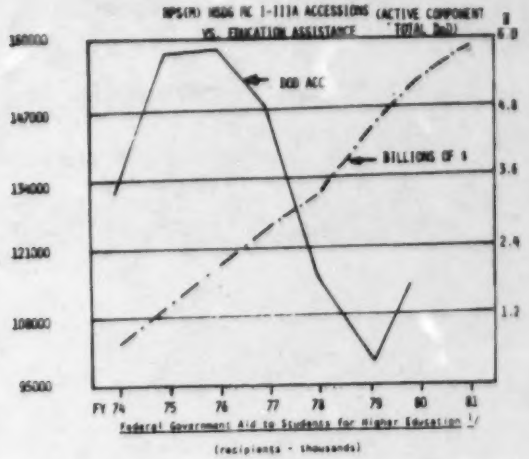

NON-PRIOR SERVICE ACCESSIONS
PERCENT HIGH-SCHOOL DIPLOMA GRADUATES
95%
90%
85%
80%
74
75
76
77
78
79
80
FISCAL YEAR
PERCENT MENTAL CATEGORY I AND II
55%
50%
45%
40%
74
75
76
77
78
79
80
FISCAL YEAR

ATTACH 1

MALE HSDG SUPPLY/ACCESSION STATISTICS (USAF)



Recruiting Changes (Army)



Federal Government Aid to Students for Higher Education 1/

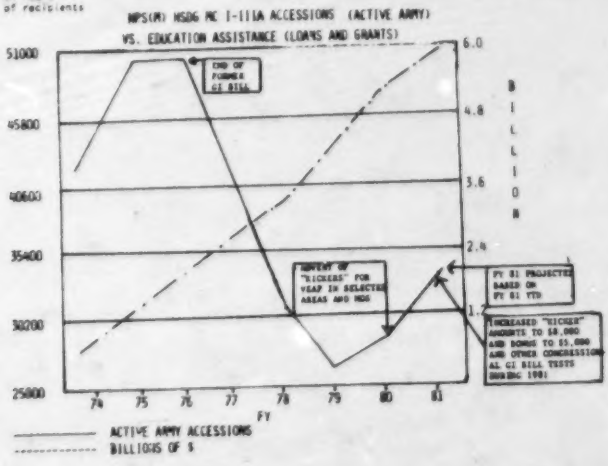
(recipients - thousands)

	74	75	76	77	78	79*	80*
National Direct Student Loan 2/	680	690	764.6	795.1	868.6	861.4	861
Guaranteed Student Loan 3/	938	991	1298	973	1085	1510	2314
Basic Educational Opportunity Grants 4/	573.4	1228	1945.4	1865	1833	2600	2600
Supplemental Educational Opportunity Grants 4/	395	390	449.2	499	510	614.7	650
College Work-Study Programs 2/	570	570	696.6	845.3	852.5	97[illegible]	980
Student State Incentive Grants 2/	733.3	813.1	781.9	1104	1161.4	[illegible]	1226
TOTAL	3,889.7	4,682.1	5,855.7	6,079.4	6,310.5	7,776.4	8,631

1/ There will be double counting
2/ Number of borrowers
3/ Number of loans
4/ Number of recipients

Source: Department of Education Quality Assurance Department

* Estimated



QUESTIONS TO MEMBERS OF THE UNIFORMED SERVICES REGARDING MARCH 17, 1981, HEARING ON H.R. 1400

MARINE CORPS VIEW GI BILL

Question 1. Mr. EDGAR. In a letter dated June 17, 1980 to Senator Armstrong, Brigadier General H. S. Aitken stated, "The Marine Corps views the enactment of G.I. Bill education benefits as a positive step which would significantly enhance the attractiveness of military service."

Does the Marine Corps still adhere to this position, and does it still represent the views of the Corps?

Answer. General BRONARS. The Marine Corps still believes that the enactment of a G.I. bill would enhance significantly the attractiveness of military service, particularly for quality young men and women who are determined to gain an education and realize their full potential. A good percentage of these serious minded young people will remain in service and help satisfy our requirements for quality leaders in the combat arms and technically competent supervisors in other occupational fields.

GI BILL

Question 2. Mr. EDGAR. In a letter dated June 18, 1980 to Senator Armstrong, the Chief of Staff of the Air Force, General Lew Allen, Jr. stated, "The Air Force fully supports the concept of providing educational entitlements for individuals who serve their country faithfully."

Is this still the position of the Air Force with regard to H.R. 1400, and similar measures which proposed to do just this?

Answer. General IOSUE. Yes, this is still the Air Force position. We believe that a noncontributory educational assistance program is justified as an entitlement in return for military service. Beyond the factor of recognition for service to country—and most importantly—such an entitlement, properly structured to both attract and retain personnel of high quality, could make the difference in our ability to sustain the all-volunteer concept. We need an incentive along the lines of H.R. 1400 if military service is to be made a viable alternative for young people from all walks of life.

PRE-SERVICE EDUCATIONAL ASSISTANCE PROGRAM

Question 3. Mr. EDGAR. Are you familiar with the Pre-Service Educational Assistance Program proposed in H.R. 1400?

Do you believe that a Pre-Service Educational Assistance Program in return for an obligated period of service in the Armed Forces will resolve some of the recruitment problems experienced by your service?

What are your personal comments on the probabilities of such a program?

Answer. General YERKS. Although the Army does not visualize a significant usage factor because our primary skill shortages are in combat arms, certain other shortage skills such as those with linguist requirements may be candidates for this type of a program and therefore, provide assistance in our recruiting effort. The plan as written however, would compete with the Reserve Officers Training Program (ROTC) which is already under pressure from competing civilian career programs on the college campus. Pre-service educational assistance should therefore be offered to non-scholarship students before they are contracted into the advanced ROTC program. This approach would strengthen the ROTC. It should be further stipulated

that students receiving this aid who did not achieve a degree or who were not eligible for contract ROTC would be liable for enlisted service under the formula set forth in this bill. This approach would allow the service to maximize existing programs, would act as an automatic monitoring system for those receiving benefits and would ensure that individuals coming into the service via this route had some military training.

Present Department of Defense policy is that it is appropriate to await the results of the test mandated by Congress to assure that whatever educational incentives are created, the package will fit demonstrated needs.

Admiral ZECH. Yes, I am familiar with the Pre-Service Educational Assistance Program proposed in H.R. 1400.

While this program might, in fact, enable us to draw in quality recruits with preparation in certain areas of study, I believe the implementation of such a program should be reviewed very closely. My personal opinion is that the probability of this program having a positive impact on recruitment must be weighed against the possibility of individuals not meeting their total commitment to serve on active duty. In addition, I am concerned about the length of time assistance would be provided. I would prefer that the program provide benefits only for the period required to complete a two-year undergraduate program. Otherwise this chapter could have an adverse impact upon our Naval Reserve Officers' Training Corps (NROTC). The $300 per month for 36 months is more money than many of the NROTC scholarship students receive with a full scholarship at a state institution. The College Program students within NROTC would be seriously affected since students in this program only receive $100 per month for the last two years of college. An 18 month limitation would be important for these reasons.

General IOSUE. We are familiar with the Pre-Service Educational Assistance Program proposed in H.R. 1400. We do not view such a provision as necessary at this time. A pre-service program would be difficult to manage and could result in an extensive record keeping, tracking, and enforcement apparatus within the Services or the DOD. Further, the program would be in direct competition with the ROTC program. Finally, we believe a "GI Bill" educational benefit should remain an entitlement to be exercised at the option of only those who have already served, or are currently serving, honorably in the Armed Services.

General BRONARS. I cannot support the pre-service educational assistance provision. Benefits would accrue to individuals prematurely, and once an academic program was completed a variety of reasons could be found for not fulfilling a military obligation. Efforts to force an individual to serve or to recoup monies expended on his/her education would be difficult at best. The inherent problems with this pre-service educational provision are substantial and justify its elimination from the bill.

RECRUITING OF HSDG

Question 4. Mr. EDGAR. How many high school graduates are you recruiting today? How many do you need? Assuming H.R. 1400 is enacted into law, would it greatly improve your capability to meet your needs of a minimum number of high school graduates each year?

Answer. General YERKS. For fiscal year 1981, we are currently planning to enlist some 93,000 Non Prior Service High School Diploma graduates. For the Active Army to obtain our Programmed End Strengths with the type of force we desire, about 100,000 High School Graduates are needed. An educational incentive package coupled with other recruiting resources would improve our capability to meet High School Diploma Graduate needs. However, the Department of Defense's position on any new educational bill such as H.R. 1400 or H.R. 1811 has been previously stated by OSD officials, i.e. to delay recommending a permanent program until the results of the current educational tests are known.

Admiral ZECH. As of the end of February 1981, approximately 74 percent of all non-prior service males were high school diploma graduates. Our target for this year is that at least 72 percent of our 83,008 non-prior service male goal be high school diploma graduates. This target is necessary to meet the Navy's technical training requirements with minimal attrition losses. Although we are currently meeting our high school diploma graduate requirements, I am sure the enactment of an educational assistance bill will help our recruiting efforts in the future as the eligible male population declines.

General IOSUE. So far in fiscal year 1981, 84.5 percent of new Air Force accessions have been high school diploma graduates. We would like to return to the 90 percent high school graduate accession levels we achieved in the early 1970s before termination of the old GI Bill. Our analysis indicates that enactment of a new GI Bill

structured along the lines of H.R. 1400 would expand the high school graduate recruiting market to allow us to achieve the 90 percent level.

General BRONARS. In fiscal year 1980, 77.8 percent of our new accessions were bona fide high school graduates. In order to fill the ranks of the Corps with quality personnel capable of being trained to operate and maintain increasingly sophisticated weapons and equipment that will be fielded during the 1980's, the Marine Corps has established the recruiting goal of 75 percent of the total of our new accessions. We expect to meet or exceed this goal again in fiscal year 1981. As competition for high school graduates intensifies, adoption of educational assistance legislation similar to H.R. 1400 would greatly improve our ability to meet our needs for high school graduates. Equally important, educational assistance will attract high school graduates who are qualified to go to college. In this regard, an ever increasing percentage of our new accessions will be required from the higher mental groups in order to operate and maintain the more sophisticated weapons systems and other equipment coming into the inventory during the 1980's.

RECRUITMENT AND RETENTION

Question 5. Mr. EDGAR. Would you please inform the Subcommittee or list for the Subcommittee the initiatives, proposals and bonuses proposed or put into effect by the Department of Defense and the Army since 1970 to recruit and retain quality personnel. I say 1970 because that is when the Gates Commission proposed the all-volunteer force which led to the termination of the draft. In your personal opinion, would an educational incentive, as proposed in H.R. 1400, be sufficient to attract a higher number of high school graduates?

Answer. General YERKS. In addition to reenlistment and enlistment bonuses, a number of other significant initiatives have been undertaken for the Active Army.

For recruiting, we have expanded the number of recruiters, assigned Captains as area commanders, developed the recruiter aide programs, and focused our advertising programs on High School Diploma Graduates. The enlistment bonus program began in 1972. Here, we have recently increased the maximum payment of the enlistment bonus to $5,000 in some critical skills. Also, until 1976, the services had the GI Bill. The GI Bill was replaced with the Veterans' Education Assistance Program.

In the reenlistment area, bonuses were used before 1970. Over time, this program has been expanded, restructured and designed to focus on the Army's specific reenlistment needs. Efforts to restore and mantain a competitive wage for service members is also a help to reenlistment, though additional assistance in this area is needed. As in recruiting, we have increased the number of NCO's involved in reelistment.

The Department of Defense's position on any new educational bill such as H.R. 1400 or H.R. 1811 has been previously stated by OSD officials, i.e. to delay recommending a permanent program until the results of the current educational tests are known. However, the Army does need an educational assistance program to help attract higher scoring High School Diploma Graduates.

DOD AUTHORIZATION ACT OF 1980

Question 6. Mr. EDGAR. The Department of Defense Authorization Act of 1980, Public Law 96-342, authorized new educational assistance test programs. One of these authorizes the Secretary of Defense for a period of one year to repay 15 percent or $500, whichever is greater, for persons who enlist or reenlist in the Selected Reserves in specified military specialities.

Enlisted members of the active duty forces serving in specified military specialties may qualify for loan repayments at the rate of 33⅓ percent of the loan amount or $1,500, whichever is greater. Under these programs, enlistees in the active and reserve forces will receive one year of loan repayment eligibility for each year of service.

H.R. 1400 would make this year test program a three year program. It is believed that a longer period of time will be a much sounder basis to better evaluate the program. Did the Department of Defense oppose this provision of Public Law 96-342 when it was approved by the 96th Congress? Would you please furnish the Subcommittee with implementing regulations or instructions that have been issued by DOD on this test program.

In your personal opinion, do you believe that the education loan repayment test program authorized by the Department of Defense Authorization Act of 1980 (Public Law 96-342) will attract or retain additional persons who have been to college for the Armed Forces in any significant numbers?

Answer. General YERKS. The education loan repayment program was not opposed by DOD. My personal opinion is that the loan repayment program will have the greatest positive effect on the rectuiting efforts for the Selected Reserve because individuals may also incur loans, after enlistment in order to continue in school. Although we have not had the program in effect long enough to measure its full potential; the college youth we attract or retain will assist in upgrading the total force. The DOD implementing documents are being forwarded as requested.

Admiral ZECH. The Navy did not oppose this provision when it was approved by the 96th Congress although we stated that, in our judgment, the impact would be minimal. Implementing regulations issued by DOD would need to be provided by the Office of the Secretary of Defense (Manpower, Reserve Affairs, and Logistics) (OSD (MRA&L)).

The loan repayment test program implemented by the Navy under Phase I of the test program has not been in existence long enough for us to determine whether there is any significant participation. At the same time, we have no history for program participation of this kind to draw upon. We just don't know how many non-prior Service people with educational loans will come into the military. On this basis, I believe it is too early to make a prediction.

EDUCATION ASSISTANCE TEST PROGRAMS

Question 7. Mr. EDGAR. The Department of Defense Authorization Act of 1980, Public Law 96-342, authorized new educational assistance test programs. One of these authorizes the Secretary of Defense for a period of one year to repay 15 percent or $500, whichever is greater, for persons who enlist or reenlist in the Selected Reserves in specified military specialties.

Enlisted members of the active duty forces serving in specified military specialties may qualify for loan repayments at the rate of 33⅓ percent of the loan amount or $1,500, whichever is greater. Under these programs, enlistees in the active and reserve forces will receive one year of loan repayment eligibility for each year of service.

H.R. 1400 would make this one-year test program a three-year program. It is believed that a longer period of time will be a much sounder basis to better evaluate the program. Did the Department of Defense oppose this provision of Public Law 96-342 when it was approved by the 96th Congress? Would you please furnish the Subcommittee with implementing regulations or instructions that have been issued by DOD on this test program.

In your personal opinion, do you believe that the education loan repayment test program authorized by the Department of Defense Authorization Act of 1980 (Public Law 96-342) will attract or retain additional persons who have been to college for the Armed Forces in any significant numbers?

Answer. General IOSUE. The Department of Defense supported the loan forgiveness provisions of Public Law 96-342. Copies of all DOD implementing instructions are attached as requested. The Air Force believes that the program will provide a modest assist in the recruiting arena. It would be substantially improved if officers at the 01 and 02 ranks were included. This would enable us to focus on shortages that exist in the scientific and technical areas. In its present form, however, the test of the incentive is too limited in scope to provide significant results.

General BRONARS. It is my opinion that the loan repayment portion of the test program is unlikely to attract significant numbers of enlistees who have been to college. The test program has not proven loan repayment to be a strong enlistment incentive. We have no test data or insight as to whether loan forgiveness would have an effect on retention. I defer to the Department of Defense regarding the other questions.

TRANSFERABILITY PROVISION

Question 8. Mr. EDGAR. In hearings before the Senate Committee on Veteran's Affairs last June, a DOD representative stated that making a distinction on the basis of critical versus noncritical military skills would be "an administrative burden that we are only too happy to take on in view of the gains that we receive . . ." Do you agree with that statement relative to the transferability provision which is limited to critical skill personnel?

I know a major concern when this bill was being drafted was to create a program which would be an incentive for enlistment while not acting as a disincentive for retention. In your opinion, would H.R. 1400, if enacted, achieve this goal?

Answer. General YERKS. The Department of Defense position on any new education bill has been to delay recommending a permanent program until the results of the current educational tests are known. The attractiveness of transferability as a

retention incentive is being tested. In my opinion, the success of any education assistance benefit as a recruiting incentive will depend greatly on the availability of Department of Education financial assistance programs offering loans and grants without service commitment. In any bill, the Army strongly endorses transferability as a necessary retention initiative and believes retention problems would be better addressed by removing the limitation of any transferability provision to critical skills.

Admiral ZECH. Your proposed legislation gives the option of tranferability only to those in critical ratings. We would prefer transferability to be available to all who serve honorably after ten years of completed service. Such people, at the eleven year point, are the core of the career force and transferability would be a realistic reward and an advantage for those who have so many years of dedicated service. In this context, it would be important to build in an index relative to the amount of educational assistance; so that by the time the transfer options are drawn upon, the real dollar value of the benefits has not been lost. This would clearly be a positive retention incentive to counter our second term manning shortfall. Providing such an advantage only to critical skills could hurt our ability to retain all other careerists. Also, it would be extremely difficult to administer since critical skills categories are subject to frequent change.

In the short term, H.R. 1400 could considerably enhance enlistments through the six year point and the transferability feature, I believe, if properly structured, would have an immediate impact on our ability to restrain the exodus of midlevel careerists from the Navy.

On this subject, a significant current disincentive for retention is the 1989 termination date for Vietnam Era G.I. Bill benefits. This provision is having an increasingly negative affect on retention—one that will reach its peak in the mid 1980's as service members leave active duty to use their full benefits prior to the 1989 termination date. In fact, 41 percent of third term personnel recently leaving the Navy rank "to keep from losing my G.I. Bill benefits" as one of the most important factors in their separation decision. The expiration date is not only costly to the service in terms of the lost knowledge and experience possessed by those who separate early, but it unduly penalizes those who choose to serve their country in a military career and will, therefore, be deprived of their earned entitlements.

General IOSUE. We consider the transferability feature, along with the second tier of benefits essential for the new educational assistance program to provide the required retention incentive, but do not agree with the limitation of transferability to critical skill personnel. We recommend the transferability provision be applied to all members of the active career force beyond ten years of service. Limiting eligibility to critical skill personnel would be a significant inequity that could impair morale and have a damaging effect on retention overall.

If H.R. 1400 were enacted with a transferability provision for all careerists as outlined above, it would be an incentive for retention as well as for enlistment.

General BRONARS. I strongly support a provision for transfering benefits to dependents, but I do not subscribe to a plan that would provide this option only to personnel assigned to so-called "critical skills." As currently written, H.R. 1400 would, in effect, discriminate against enlisted personnel who are willing to serve in what must be regarded as the most dangerous and fundamentally most important occupational fields, e.g., infantry, armor, artillery, and combat engineers. Universal application of transferability of benefits would provide equity to all service members and help solve one of our most difficult problems—the loss of quality in the most important segments of our career enlisted population. This modification would alleviate the mid-career retention problem not only in the technical skills, but would also encourage a career commitment on the part of quality personnel assigned to occupational fields where life and death judgments and decisions must be made by our career enlisted personnel. If we want good decisions to be made, we should not treat those who have to make those decisions as second class citizens, thus ensuring inferior leadership in the most critical and important of all military specialties, the combat arms. In response to the second part of your question, I believe H.R. 1400, with its provisions for basic and supplemental entitlements for continued service and a universally applied feature of transferability, will achieve the dual goals of an incentive for enlistment and retention of midcareer noncommissioned officers.

ATTRITION BASED ON QUALITY OF PERSONNEL

Question 9. Mr. EDGAR. Most experts agree that high school graduates are far more likely to complete their enlistments than high school drop outs. Do you agree with the estimate of the General Accounting Office that each attrition case within the military costs the Federal Government $12,000? If the quality of personnel

within the Armed Forces was significantly improved, including larger numbers of high school graduates, what cost savings would you predict from these improvements?

Answer. General YERKS. The Army estimates that male high school graduates are half as likely to leave the Army before completing their enlistment as non-high school graduates and agrees that there would be cost savings from reduced attrition if the quality of personnel within the Armed Forces were significantly improved and larger numbers of male high school graduates were recruited.

Estimates of such savings vary significantly depending on the assumptions selected. The General Accounting Office estimates that each attrition case within the military costs the Federal Government $12,000, includes DOD costs, unemployment costs and potential costs for veteran's benefits. The DOD costs included in this estimate are based on averages which include fixed expenses. As indicated in the GAO report, DOD officials believe marginal costing is more appropriate. The Army agrees since many of the "fixed costs" for recruiting and training could not be eliminated if attrition were reduced. The veteran's benefits in the GAO estimate may also be overstated because they include GI Bill expenses which will decline since the GI Bill was terminated in 1976.

The Army estimates that there will be no net savings despite lower attrition because of higher recruiting costs to enlist 10,000 additional male high school diploma graduates.

Admiral ZECH. I would accept this figure as a reasonable average cost. Individual attrition costs vary with the amount of investment made in each individual for recruiting and training, and his/her total time in service prior to attriting. Assuming that the quality of accessions improves with the enactment of this bill, our attrition rates should certainly decrease. Using the GAO dollar estimate as an example, even a slight reduction in attrition would result in considerable cost savings to the Government.

General IOSUE. The GAO estimate of $12,000 per attrition case only accounts for the cost of post-service veterans' benefits associated with those who leave the service prior to completion of their initial enlistment. This estimate includes an education cost component based on the old GI Bill, which, is no longer applicable. Those who attrit now are covered by VEAP, which has a much lower benefit level. There are other factors, such as recruiting and training, that must also be considered when discussing the total cost to the government resulting from attrition. We estimate that a 10-percent increase in the number of high school graduate accessions would, over time, reduce first term attrition by 2-3 percent with corresponding savings in recruiting and training cost. We also find that high school graduates have much lowe discipline rated than nongraduates and we would anticipate additional savings in this area with a richer high school graduate mix. Combining the recruiting, training, and discipline factors, we estimate a total saving to the Air Force of approximately $75–100 million per year from a 10 percent increase in high school graduate accessions. Savings to the VA implied in the GAO report would be additive to this Air Force savings estimate.

General BRONARS. While I have not seen the GAO estimate to which you refer, $12,000 is a reasonable figure since it is within 15 percent of our estimate of the cost of each attrition. Assuming that the Marine Corps substantially increased personnel quality by recruiting 100 percent HSG's instead of 75 percent, a potential savings of $16 million to $19 million exists. These savings would evaporate quickly, however, when other aspects such as increased recruiting costs, higher pay and allowances, and possibly higher attrition among HSG's are considered. For example, because high school graduates are more difficult to recruit than non-high school graduates, we would need to increase the size of our recruiting force. Increasing the size of this force by only 15 percent could eliminate the potential savings.

EDUCATIONAL TEST PROGRAM

Question 10. Mr. EDGAR. Do you have any estimates on the overall costs of the current education test program? Do you have a timetable on when an evaluation of the results can be made? Who will make that evaluation? How much will that cost?

Answer. General YERKS. DoD is currently estimating the fiscal year 1981 education test to cost approximately $100 million. Information regarding the test is being gathered by DoD and they will make the evaluation in time to include an educational package recommendation in the fiscal year 1983 DoD Authorization Bill. The cost of the evaluation is included in the $100 million estimate.

Admiral ZECH. We don't have any estimates yet on the overall cost of the test program but we are working on estimates for fiscal years 1981, 1982, and 1983. These will be available by the middle of July.

The Office of the Secretary of Defense will conduct an evaluation of the test results. The cost of accomplishing this evaluation is not known by us.

General IOSUE. The original estimate for the test program was $75M in fiscal year 1981. OSD anticipates that because of the inflation adjustment feature of Section 901, outlays may eventually total $100M. According to the present timetable, preliminary results should be available in September 1981 with a final report due in time for the fiscal year 1983 Authorization Bill. The results will be developed by OSD with assistance provided by the services and the RAND Corporation. The cost for the evaluation has been estimated at $350,000.

General BRONARS. The Marine Corps' estimate of administrative costs to date for the test program are as follows:

Letters to high school principals	$5,500
Flyers/handouts	6,000
Travel, education and training costs	20,000
Instruction material	1,000
Total (estimate)	32,500

It is my understanding that DoD has provided $3M for conducting a test program advertising campaign. In addition, it is estimated that the Marine Corps has invested approximately 3 man years in the planning, implementation, and conduct of this test program. It is estimated that if the projected accessions and reenlistments attracted and retained by this test program were to utilize maximum benefits, the Marine Corps' eligible personnel would utilize $12.5M of the test program monies. The test program will be completed on 1 Oct. 1981 and it will take about one (1) month for the Marine Corps to analyze data and submit a report to the Department of Defense. The Marine Corps analysis is expected to cost $15,000 and required .5 manyears of effort. I have no idea on how long it will take the Rand Corporation to make an analysis and submit a report to the Department of Defense.

APPROPRIATE LEVEL OF SERVICE FOR RESERVISTS

General YERKS. It is my conviction that all Army Reserve (Selected Reserve) members be eligible to use benefits after one year from enlistment date. Entitlements should accrue from enlistement date at the rate of one month entitlement for each month served on inititial active duty for training (basic and advanced individual training) and one month entitlement for each two months served in an inactive duty for training (Troop Program Unit membership) status. Of course, this criteria would apply to those individuals enlisting after the effective implementation date of the program.

Admiral ZECH. The Navy's position in regard to educational entitlements for the Selected Reserve is that, if the Servicemember has served less than 2 years on active duty, the member must complete six years satisfactory service in the Selected Reserve to be eligible for such benefits.

General IOSUE. We recommend amending the current provisions of Sections 1412 and 1421 of H.R. 1400 requiring active duty service to qualify for the Basic and Supplemental entitlements in order to make the Bill more equitable for our Reserve personnel. Because of the current requirements of these sections, no individual currently in the Reserve would ever be eligible for the educational benefits unless they returned to active duty subsequent to September 30, 1981. Accordingly, we recommend that the required service for the Basic Entitlement be amended to authorize this entitlement to those Reservists who have satisfactorily served a total of eight consecutive years in the Selected Reserve. In addition, the required service for the Supplemental Entitlement should be amended to authorize this entitlement to those Reservists who have satisfactorily served in the Selected Reserve for a total of twelve consecutive years. We feel Reservists without active duty service subsequent to September 30, 1981, should serve a somewhat longer time to qualify for the Basic Entitlement to insure that our Reserve retention objectives are met. We do not feel, however, that lengthening the total period of service beyond the total now required for a combination of active and reserve duty to qualify for the Supplemental Benefit is necessary. Twelve years satisfactory service, even though it may strictly be in a Reserve status, represent a considerable voluntary investment which should be recognized and appropriately rewarded.

General BRONARS. The whole subject of educational benefits for reservists requires a very thorough examination to make sure that we are getting everything we want in the way of incentives and long-term benefits for individuals. Although we support a program for reservists, we also have to be aware of the effects of such a program in our active force recruiting requirements. For now, I think the best course of

action would be to take a look at the results of the several incentive programs that are available for reservists, analyze their effectiveness, and see what sort of an educational program looks like an efficient and effective way of encouraging participation in the reserves. In any event, we believe that a commitment of six years should be required in order for a member of the reserves to become eligible.

Admiral STEWART. The Coast Guard believes that the proposed two year minimum active duty requirement will provide a reasonable compensation to reserves.

ATTRITION PERCENTAGE OF ACTIVE DUTY NPS MALE ENLISTEES [1]

	Actual [2]							Estimated [3]				
	Fiscal year—							Fiscal year—				
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Total:												
Army	26	28	31	39	37	37	34	31	32	34	31	31
Navy	28	32	34	38	35	31	29	26	27	27	27	27
USMC	31	24	32	37	38	35	29	30	29	28	28	28
USAF	21	26	30	31	29	26	26	27	27	27	27	27
DOD	26	28	32	37	35	34	31	29	29	30	28	28
HSDG:												
Army	15	19	20	25	25	27	25	25	23	23	23	23
Navy	23	26	25	28	27	25	23	21	22	22	22	22
USMC	21	16	23	25	25	27	24	24	23	23	23	23
USAF	17	22	26	27	26	24	24	24	23	23	23	23
DOD	18	21	23	26	26	26	24	24	23	23	23	23
NHSDG:												
Army	37	41	45	50	50	50	47	44	44	44	44	44
Navy	45	54	54	58	56	49	46	44	41	42	42	42
USMC	40	32	40	47	49	46	41	46	45	44	44	44
USAF	43	50	54	54	50	45	47	45	44	44	44	44
DOD	40	42	47	51	51	49	46	44	44	44	44	43

[1] Percent of those who enlisted in fiscal year shown and leave the Service before completing 3 years of service.
[2] Fiscal year 1971–77 attrition rates are from actual data compiled by the Defense Manpower Data Center (DMDC).
[3] Fiscal year 1978–82 rates are projections from the fiscal year 1982–86 POM.

VETERANS' ADMINISTRATION,
Washington, D.C., April 3, 1981.

Hon. G. V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In our report to your Committee of March 18, 1981, on H.R. 1400, 97th Congress, the proposed new GI Bill education program, we advised you that we would transmit separately our technical analysis of this measure.

We are pleased to enclose a copy of our detailed analysis. We urge that the Committee give these comments careful study should it decide to consider this bill.

Sincerely,

RUFUS WILSON,
Acting Administrator.

Enclosure.

TECHNICAL ANALYSIS OF AND COMMENTS ON H.R. 1400, 97TH CONGRESS

SUBCHAPTER I—PURPOSES; DEFINITIONS

Section 1401

This section sets forth the three basic purposes of the measure: (1) to provide an improved educational assistance program for readjustment of members of the Armed Forces after separation from service; (2) to promote and assist the All-Volunteer Force program and the Total Force Concept of the United States Armed Forces through an improved program of educational assistance; and (3) to aid in the retention of personnel in the Armed Forces who have skills in critical specialities in which there are serious shortages of personnel.

We defer to the judgment of the Department of Defense on the utility of this proposal toward meeting defense manpower requirements.

Section 1402

This section contains definitions which apply to the new chapter 30 proposed to be added to title 38, United States Code.

Initially we note that, since the new chapter would become a part of title 38, those definitions already contained in that title will, unless specified otherwise, have application to the new program.

We would further point out that the definition of "Armed Forces" contained in 38 U.S.C. § 101(10) includes the Coast Guard. On the other hand, the definition set forth in paragraph (5) of section 1402 encompasses only the Army, Navy, Air Force, and Marine Corps. Thus, the Coast Guard would not be included in the new program.

SUBCHAPTER II—BASIC EDUCATIONAL ASSISTANCE

Section 1411

This section sets forth the criteria required for an individual to qualify for basic educational assistance benefits under the new program. These requirements are that the individual must be a graduate of a secondary school (or have a high school equivalency certificate, as determined by the Administrator). After meeting such a requirement, the individual must serve at least 3 years of continuous active duty in the Armed Forces or serve in the Armed Forces after September 30, 1981, and be discharged or released from active duty for a service-connected disability, for hardship, or (after not less than 30 months of active duty) for the convenience of the Government. After completing such service, the individual must either be discharged with an honorable discharge, be placed on the retired list, continue on active duty without a break in service, or be released from active duty for further service in a reserve component after honorable service on active duty.

There are several provisions contained in this section which should be examined. First, the language requiring the individual to be a graduate of a secondary school or have a high school equivalency certificate, as determined by the Administrator, raises questions. One question is whether the high school or equivalency certificate requirement must have been attained before the individual goes into military service, or whether it can be attained thereafter.

Current provisions in chapter 34 of title 38 (the GI Bill) use the terminology "has not received a secondary school diploma (or an equivalency certificate)" [see 38 U.S.C. § 1691(a)] rather than the language set forth in the bill. The existing title 38 language is clearer than the bill's language.

We object to the Administrator being required to determine whether the high school equivalency certificate is appropriate. Under the current GI Bill progam, we accept the equivalency certificate which the veteran submits along with an application to pursue a program of education. We would point out that the requirements for an equivalency certificate vary from State to State. We do not believe it appropriate that the Administrator be required to set up what might be an arbitrary standard which must be met before an individual is determined to have an appropriate certificate.

This same section requires that service in the Armed Forces must be "continuous." We believe this could cause problems as to what is considered to be "continuous."

The section also contains a requirement that the individual must have received an honorable discharge from active duty. This term appears to conflict with language utilized in section 1451(c) of proposed chapter 30, which deals with discharges or releases under conditions other than dishonorable. The requirement of an honorable discharge also differs from the language contained in the current GI Bill and the chapter 32 contributory education program, both of which require only a discharge or release under "conditions other than dishonorable."

Section 1412

This section sets alternative criteria for entitlement to basic educational assistance benefits based upon 2 years of active duty service followed by 4 years of reserve duty.

The same problems with respect to the high school graduation (or equivalency certificate attainment), the definition of "continuous duty," and with the type of discharge cited above apply here as well. In addition to the continuous duty requirement, there is a further provision that the individual must continue on active duty or in the reserves "without a break in service." This may cause some problems for the reserve duty area since, upon release from active duty, individuals sometimes encounter problems finding a slot in an appropriate reserve unit in which to serve. Further, the language of the bill respecting reserve duty requires the individual to satisfactorily participate in such training. A determination of such satisfactory participation must be made and certified before benefits may be granted.

Section 1413

This section limits the overall educational assistance an individual may receive under one or more VA education programs (including the new chapter 30) to 48 months and also limits the maximum benefit under the new program to 36 months of entitlement. It provides entitlement on the basis of 1 month of benefits for each month of active duty service and 1 month of benefits for each 3 months of reserve duty. If the individual serves the required 2 years of active duty, he or she would be entitled to 24 months of assistance. Since an additional 4 years of reserve duty are required, this would mean that the 1 for 3 ratio would allow the individual to achieve his or her maximum 36 months of entitlement after 2 years of active duty plus 3 years of reserve duty. We believe it is inappropriate to authorize entitlement to full education benefits until an individual completes the requisite overall active duty/reserve duty requirement.

Section 1416

This section sets forth the authority for an individual to enroll in a program of education while continuing to perform active or reserve duty. There are two basic problems with the language in this section. First, enrollment would be permitted if an individual has completed at least 2 years of service on active duty *or* in the Selected Reserve. This language could be interpreted as permitting service in the reserve prior to any active duty service.

Second, the use of the phrase "may enroll in a program of education" is technically deficient because it does not authorize an individual to receive educational assistance allowance benefits.

SUBCHAPTER III—SUPPLEMENTAL EDUCATIONAL ASSISTANCE

Section 1421

This section sets the criteria for an individual to earn entitlement to supplemental educational assistance which would, as we interpret the language, be in addition to the basic amount which would be payable. In addition to meeting the requirements for basic assistance, the individual would be required to serve 3 or more *consecutive* years of active duty (in addition to the 3 continuous years required for basic assistance), and 4 or more *consecutive* years of duty in the Selected Reserve (over and above the 4 continuous years required under section 1412(2)). Thus, an individual could qualify for the supplemental benefit by serving 6 years of active duty or by serving 4 years of active duty and 8 years of reserve duty, or a total of 12 years under the latter criteria. Under both categories, there is a requirement that the service be "without a break in service." This latter provision is unclear, as we have noted earlier.

Section 1423

This section proposes to provide authority for additional educational assistance for those members who are determined to have a skill or specialty designated by the Secretary of Defense as one in which there is a critical shortage of personnel. It also requires such individuals to be entitled to basic educational assistance. This benefit would be in addition to any supplemental assistance available under section 1421 and the benefit would be paid a monthly rate the Secretary of Defense considers appropriate or necessary.

This section causes several concerns. First, there are no limits set on the amount of this additional assistance. Second, there do not appear to be any specified time frames during which the skill or speciality is in critical supply.

Section 1424

This section calls on the Administrator to increase the monthly basic and monthly supplemental allowances to be awarded under this segment of the new program. Again, there are no limits set in making these awards except for those rates determined by the Secretary of Defense. This could result in wide variances between the various services.

SUBCHAPTER IV—TRANSFER OF ENTITLEMENT TO DEPENDENTS

Section 1431

This section would permit those members of the Armed Forces who have served 8 or more, but less than 12, consecutive years on active duty, who have a skill or specialty in which there is a critical shortage of personnel, and who are entitled to basic educational benefits, to transfer to one or more of their dependents all or any part of their entitlement to educational assistance under this new program.

This, again, presents a number of problems. The bill would permit a select group of individuals who are within the 8-12 year "window" period, who are considered to have the requisite skill or specialty, and who have at least one dependent during that critical time frame, to transfer entitlement. This could cause serious equity problems, since it would discriminate against individuals who may acquire a dependent after the "window" period, even though he or she is in the skill or specialty area at that time.

Section 1432

This section calls on the Administrator to prescribe regulations for the administration of the transfer of entitlement of educational assistance and also requires the Administrator to place such limits on changing and revoking of transfers as the Secretary of Defense considers necessary for efficient administration. Authorizing the Secretary of Defense to set the grounds on amending or revoking transfers as the Secretary deems necessary for efficient administration where the Administrator is given the authority to administer the program would, in our view, create unnecessary administrative problems.

Section 1433

This section sets forth the requirements on the status of dependents to whom entitlement is transfered. There are a number of problems inherent in this section.

First, one provision states that the dependent is entitled to educational assistance in the same manner and under the same terms and conditions as the member, except that the assistance may only be provided while the member continues on active duty or completes 20 years of active service. This fails to take into consideration utilization of the entitlement transfer in the event of the death of the servicemember, although reference is made to the division of the benefit in the case of a deceased member.

Second, this section also provides that a child to whom entitlement is transferered may not use it until age 18 or until the child graduates from a secondary school, whichever occurs first. It would appear that, in the event the child has not attained a secondary school diploma or an equivalency certificate by the time age 18 is attained, the VA could inappropriately be called upon to provide secondary school assistance to such a child. In addition, the provision does not set any outside age limitation for utilization of this benefit.

Third, this section also provides that, where a servicemember transfers entitlement to two or more dependents, the assistance payable shall be divided in such manner as the member specifies or, if the member is deceased or is otherwise unable or *unwilling* to specify, the division shall be made as determined by regulations issued by the Administrator.

The term "unwilling" is inappropriate since it is not clear from a legal standpoint what this term means. Moreover, the Administrator should not be called upon to substitute the Administrator's judgment for that of the individual where the individual is competent to make such a determination. There could be some instances where an individual is incompetent and therefore cannot make a decision. However, this differs from situations where the individual is compentent, but is simply "unwilling" to make the decision.

Section 1434

The term "dependent" is defined as "child of an individual" and "spouse of an individual" in this proposed section.

As we noted earlier in this report, since the new chapter 30 is proposed to be incorporated as a part of title 38, the definition of "child" as set forth in section 101(4) of that title would apply to this new chapter. Section 101(4) defines a "child" as an individual who is under the age of 18 years who, before attaining the age of 18 years, became permanently imcapable of self-support, or who, after attaining the age of 18 years and until completion of education or training (but not after attaining the age of 23 years), is pursuing a course of instruction at an approved educational institution. This definition also sets other requirements on the status of the child, i.e., legitimate, legally adopted, stepchild, etc.

The definition of a "child" is also contained in chapter 35 of title 38, which is the Survivors' and Dependents' educational Assistance program.

The definition of "spouse" contained in 38 U.S.C. § 101(31) would encompass an individual not living with the servicemember.

SUBCHAPTER V—PRESERVICE EDUCATIONAL ASSISTANCE PROGRAM SECTIONS 1441–1447

This subchapter would create a new program under which individuals may enter into written agreements with the Secretary of Defense whereby educational assistance may be provided such individuals prior to formally entering military service in

return for their agreement to perform a specified period of obligated service on active duty or in the Selected Reserve subsequent to receiving these benefits.

We do not believe that this proposed new program would encourage reenlistments beyond an individual's basic tour of duty. These individuals would be granted educational assistance to achieve their educational goals prior to service in the Armed Forces. More likely, after having fulfilled their military obligation subsequent to being provided educational assistance, these individuals would be inclined to leave military service to pursue the vocation they initially undertook or for which they trained prior to entering service. Further, this program could be the subject of potential fraud and abuse by individuals seeking to minimize or avoid subsequent military obligations.

Moreover, such a program should be administered by the Department of Defense, not by the Veterans Administration.

SUBCHAPTER VI—TIME LIMITATION FOR USE OF ENTITLEMENT; GENERAL AND ADMINISTRATIVE PROVISIONS

This subchapter sets forth a number of the administrative provisions to be utilized in administering the new chapter 30.

Section 1452

This section would bar the granting of educational assistance to an individual pursuing a program of education under chapter 30 where the individual is being provided subsistence, in whole or in part and in money or in kind, by an entity of the United States or of a State or local government, or who is pursuing a program of education on less than a half-time basis, except that the individual under such circumstances may be paid the cost of the individual's tuition and fees.

This is an area which causes us considerable concern. First, many administrative problems could arise in determining whether an individual, who is not in service, is receiving some sort of subsistence. This could be from many types of sources such as a scholarship, a grant, or other form of assistance. Where not determined until after some assistance has been allowed, the VA would then be required to create an overpayment payable by the individual, thus adding to the overpayment total already on our books.

Second, the section does not impose any limit on the amount of the tuition and fees which could be paid. Thus, for example, if a veteran is going to a high-cost institution and concurrently is being paid subsistence through a Federal, State, or local unit, the VA would be required to pay the veteran the cost of the tuition and fees. In some instances the tuition and fees are substantial.

Section 1453

This section bars receipt of new chapter 30 benfits concurrently with benefits being paid under chapters 34 or 35 of title 38—GI Bill and dependents' education programs. The section is deficient because it does not contain an overall limit on benefits payable under more than one program, such as that provided in section 1795 of title 38.

Section 1455

This section ...vides for allocation of program costs between the Veterans Administration and the Department of Defense. The Veterans Administration would be responsible for paying the basic educational costs from VA appropriations with all other benefit costs coming from Department of Defense appropriations.

Section 1457

This section requires separate reports by the Secretary of Defense and the Administrator on the operation of the new chapter 30 program. The first reports would be submitted not later than April 1, 1983.

Section 3(b)(1) of H.R. 1400 would amend section 1602(a) of title 38 to bar individuals from any eligibility in the contributory education program after December 31, 1981. Technically, the amendment should properly be made to section 1602(1)(A) of title 38, rather than section 1602(a).

Section 3(b)(2) of the bill provides for disenrollment of individuals entitled to educational assistance under the chapter 32 contributory program at the time they attain eligibility under the new chapter 30 program.

Section 4 of the bill would amend the contributory education program to bar new enrollments after December 31, 1981. INSERT NO. 1 and 2———

THE 3 GI BILLS—COMPARISON OF PARTICIPATION RATES

	World War II June 1944—end of program	Korean conflict September 1952—end of programs	Post Korean conflict		
			Peacetime post-Korean [1] June 1966—September 1980	Vietnam era [2] June 1966—September 1980	Vietnam era Veterans only June 1966—September 1980
Veteran population	15,440,000	5,509,000	3,050,000	9,625,000	9,625,000
Total trained	7,800,000	2,391,000	1,399,446	[3] 6,283,637	[4] 5,562,314
Percent	50.5	43.4	45.9	65.3	57.8
School trainees	5,710,000	2,073,000	1,314,000	5,738,191	5,016,868
Percent	37.0	37.6	43.1	59.6	52.1
College	(2,230,000)	(1,213,000)	(736,739)	(3,842,038)	(3,522,629)
Percent	(14.4)	(22.0)	(24.2)	(39.9)	(36.6)
Other schools	(3,480,000)	(860,000)	(578,081)	(1,896,153)	(1,494,239)
Percent	(22.5)	(15.6)	(19.0)	(19.7)	(15.5)
On-job trainees	1,400,000	223,000	64,717	510,414	510,414
Percent	9.1	4.0	2.1	5.3	5.3
Farm trainees	690,000	95,000	19,909	35,032	35,032
Percent	4.5	1.7	.7	.4	.4

[1] Service after Jan. 31, 1955 but no service after Aug. 4, 1964.
[2] Service between Aug. 5, 1964 and Dec. 31, 1976.
[3] Includes 721,323 who last used training as service personnel.
[4] Includes only those using training as veterans.

Total veterans trained under GI Bill

[Rounded to nearest thousand]

Vietnam era GI bill as of April 1981:	
Army	2,649,000
Navy	1,257,000
Marine	552,000
Coast Guard	57,000
Air Force	1,109,000
Others	46,000
Veterans in training as of April 1981:	
Army	202,000
Navy	130,000
Marine	51,000
Coast Guard	9,000
Air Force	125,000
Others	6,000